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Vying for the soul of the Afrikaner
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FINANCIAL TIMES

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Tuesday October 11 1988

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World News

Strougal resigns as Czech Prime Minister

Czechoslovakia's Prime Minister, Lubomir Strougal, resigned...

Six die at disco

At least six young people were crushed to death at a multi-story disco in Johannesburg...

Sri Lanka bloodshed

Indian troops shot dead 11 suspected Tamil separatist guerrillas in an ambush near Vavuniya in northern Sri Lanka...

Palestinians decide

Palestinian leaders, meeting in Tunis, agreed to recommend the declaration of a Palestinian state...

Soviet minister goes

Alexander Vlasov was relieved of his duties as Soviet Interior Minister, after his appointment last week as Prime Minister...

Frontline summit off

A summit meeting of six southern African leaders, set for Wednesday in Botswana, was cancelled...

Madeira poll result

Portugal's ruling Social Democratic Party (PSD) retained power in weekend elections in the semi-autonomous islands of Madeira and the Azores...

Front expels MP

France's extreme right-wing National Front said it had expelled its sole member of Parliament for betrayal of party positions on issues such as priority employment for French citizens...

SA polls open early

South Africa, facing calls from anti-apartheid groups to boycott racially segregated municipal elections on October 26, relaxed normal rules for proxy and postal voting...

Seaga windfall

Hurricane Gilbert, which battered the Jamaican economy a month ago, brought Prime Minister Edward Seaga a political windfall in terms of increased popularity...

Chile poll row

Chilean opposition groups reacted angrily to Government attempts to present Gen Augusto Pinochet's defeat in last week's plebiscite as a triumph...

Tories look back

Britain's Conservative Party gathered for its annual conference in the seaside resort of Brighton, where Prime Minister Margaret Thatcher narrowly escaped defeat by an IRA bomb in 1984...

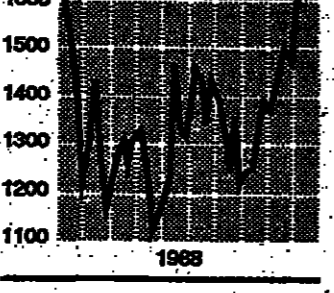
Business Summary

Wall Street stocks at post-crash high

WALL STREET stocks closed at their highest level since last year's market crash in a continuation of Friday's strong rally...

Copper

COPPER prices continued to rise as stock figures carried on falling. Shearson Lehman Hutton, London broker, predicted a "strong and volatile" copper market for the next few months...



INTERNATIONAL repercussions of Mirovic's bid for Consolidated Gold Fields, UK mining and industrial group, spread to Papua New Guinea...

FRANCE'S Bouygues, chairman of Bouygues, leading French construction and media group, is expected to step down today...

SOVIET UNION'S Bank for Foreign Economic Affairs and West Germany's Landesbank Rheinland-Pfalz jointly founded the first finance company to combine capital from eastern and western Europe...

GATT mechanisms for settling trade disputes between member nations are likely to be substantially improved next year following the tabling by 13 countries of proposals...

PARIBAS, French privatised financial group, acquired stake of nearly 5 per cent for about FF2,500m (\$40m) in Bignin-say, France's largest sugar producer controlled by the Italian Ferruzzi group...

SALOMON BROTHERS, the Wall Street investment bank, opens a Madrid office this month with the task of finding a buyer for 24 per cent of Inespal, the Spanish state-controlled aluminium holding company...

TOKYO Stock Market was closed for the Sports Day holiday and some New York markets closed early for Columbus Day...

Benjedid pledges political reform in bid to end riots

By Francis Giles in London

ALGERIAN President Chadli Bendjedid last night promised wide-ranging political reform in a nationwide television broadcast...

omy and education would be total and comprehensive and might even change the institutions and constitutional foundations of the Algerian state...

ing," he said. Meanwhile violence erupted again in Algiers yesterday, emphasising the scale of the challenge facing the ruling party, the Front de Liberation National...

strators apparently inspired by Muslim fundamentalists. There were unconfirmed reports of further deaths after estimates put the toll at 200. No official figure has been released...

FLN's ageing executive director, is among the most unpopular politicians in the country. He and his entourage are seen as symbols of the extent to which the FLN - founded in the early 1950s to fight French rule in one of the bloodiest liberation wars this century - includes a group with a liking for power and doing all it can to thwart President Chadli's attempts at reform.

Yugoslav army leave suspended as worker protests continue

By Judy Dempsey in Belgrade

THE authorities in Yugoslavia yesterday suspended leave for the army in the face of continuing student and worker unrest in the southern republic of Montenegro...

Yugoslav news agency Tanjug said "urgent measures" were being taken to deal with unrest in the republic.

son between nationalist Serbs and Yugoslavia's other nationalities, which has compounded the dissatisfaction over triple-digit inflation and harsh economic austerity, imposed in May under an IMF agreement.

Renault lays off 22,000 after Le Mans strike

By Paul Betts in Paris

RENAULT, the French state-owned car group, yesterday laid off 22,000 workers after a local strike by 250 in one of its smaller workshops.

costs by adopting "just-in-time" or "zero stocks" work practices. This threat first emerged earlier this year when Renault's Cléon engine and gearbox plant was hit by a local strike which threatened to cut off supplies of engines and gearboxes to several key assembly plants...

Chevron pays Tenneco \$2.6bn for Gulf of Mexico interests

By James Buchanan in New York

CHEVRON, the San Francisco energy group, yesterday announced a big expansion in its US oil and gas reserves with the \$2.6bn purchase of Tenneco's oil and gas interests in the Gulf of Mexico.

The deal, which comes at the close of a hotly contested three-month auction for the Houston conglomerate's entire oil business, will give Chevron recoverable oil and gas reserves equivalent to 600m barrels of oil as well as 600,000 acres of undeveloped exploration acreage in the Gulf.

remaining portions" of its oil and gas operations, which consist of 900m barrels of oil equivalent in the ground as well as a 140m barrel-a-day oil refinery in Louisiana. The company is keeping its large gas pipeline system.

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MARKETS

Table with market data including Hong Kong Hang Seng Index, US bond yields, and stock indices.

STOCK INDICES

Table with stock indices for New York, London, and other markets.

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EUROPEAN NEWS

Discord worsens on French political right

By Ian Davidson in Paris

DISARRAY AMONG France's right-wing opposition parties has reached a new intensity, with fratricidal quarrels at the top of the extreme right-wing National Front party, and an apparently unbridgeable split between the various strands of the respectable conservative opposition over the handling of the forthcoming referendum on the future of New Caledonia.

members of the National Assembly. Yesterday, in what appears on the surface to be a death wish, the National Front yesterday lost its last remaining member, by excluding the lady from the party. The specifics of this quarrel go back to the beginning of September, when Mr Le Pen caused an outcry by a comment about a centrist member of the Government. Several leading members of the party immediately dissociated themselves from the remark, and two of them were driven out of the party, including Mr Pascal Arrighi, former deputy for the Marseille region.

Mrs Yann Piet, the remaining National Front deputy, also renounced with Mr Le Pen in public, saying that a public figure "ought to know how to watch his words", but at the time she went unpunished. Yesterday, however, she was thrown out of the Front for breaking party discipline by announcing that she would vote for the Government's proposed minimum guaranteed income plan, or Revenu Minimum d'Insertion (RMI). The National Front objects to the RMI because, under pressure from the racial equality lobby, it will be made available to properly settled immigrants, as well as to natural

Frenchmen. The Front's troubles may be due indirectly to the fact that the traditional conservative parties are now in the opposition, and as a result are in a natural position to pick up part of the inchoate protest vote. But it is still much too early to conclude that the National Front is a spent force. In any case, the respectable conservative parties are themselves now set on a self-destructive collision course over the New Caledonia referendum. After long procrastination, the Gaullist RPF party now seems almost certain to opt for abstention in the referendum; the party does not dare

to condemn a policy which has brought peace to the Pacific territory but does not care to recommend one which is the exact opposite of that pursued by the Gaullists in power only six months ago. The Gaullists' opposition partners, in the centre-right UDF grouping, are characteristically divided on the issue. Former President Valéry Giscard d'Estaing, leader of the UDF, is hostile to the very idea of a referendum; but the centrist CDS party, within the UDF umbrella, is committed to an unqualified "Yes" vote, and the Republic party is committed to a qualified "Yes".

Strougal quits as Czech Premier

CZECHOSLOVAKIA'S Prime Minister, Mr Lubomir Strougal, who is renowned as a reformer in Prague's generally conservative leadership, resigned yesterday, according to the official Cetecka news agency, Reuter reports from Prague. Mr Strougal had held the post since 1970. His resignation was announced on the first day of a meeting of the ruling Communist party's policy-making central committee. Cetecka also said that the Deputy Premier, Mr Peter Colotka, who is also head of the Slovak government, had resigned, too.



The Soviet Foreign Minister, Mr Eduard Shevardnadze, arrived in Paris yesterday for a three-day official visit - his first to France - which is expected to pave the way for a Franco-Soviet summit and set a new tone in relations, Reuter reports. Speaking on arrival at Orly airport, Mr Shevardnadze (photographed above with Mr Roland Dumas, right, his French counterpart, and the Soviet ambassador) confirmed that a summit meeting between President Francois Mitterrand and Mr Mikhail Gorbachev would be on the agenda. Mr Dumas confirmed earlier that France's Socialist Government was seeking to turn a new page in relations with the Soviet bloc, often soured by French concern over alleged human rights abuses. French press reports say Mr Mitterrand may travel to Moscow for a November 23 space launch, that will take Frenchman Jean-Luc Christien into orbit aboard a Soviet rocket. But officials maintain that nothing has been confirmed.

Austria seeks to reassure Moscow over EC entry

By Quentin Peel in Moscow

THE Austrian Chancellor, Mr Franz Vranitzky, will seek to reassure the Soviet Union this week that Austrian membership of the European Community would not compromise its neutrality. The Soviet concern was underlined again yesterday, as the Chancellor arrived for a four-day official visit, when the Communist party newspaper Pravda said on its front page that the Soviet people were confident that the visit would "develop the friendly relations

with neutral Austria." One focus of the visit will be on the trade relations between the two countries, with a number of contracts and joint venture plans expected to be signed or announced. Austria is seen in Moscow as a valuable intermediary in its efforts to expand trade relations with the West, but the strategic question of Austrian neutrality still ranks more importantly. The Soviet argument is that the EC is evolving increasingly towards a political as well as

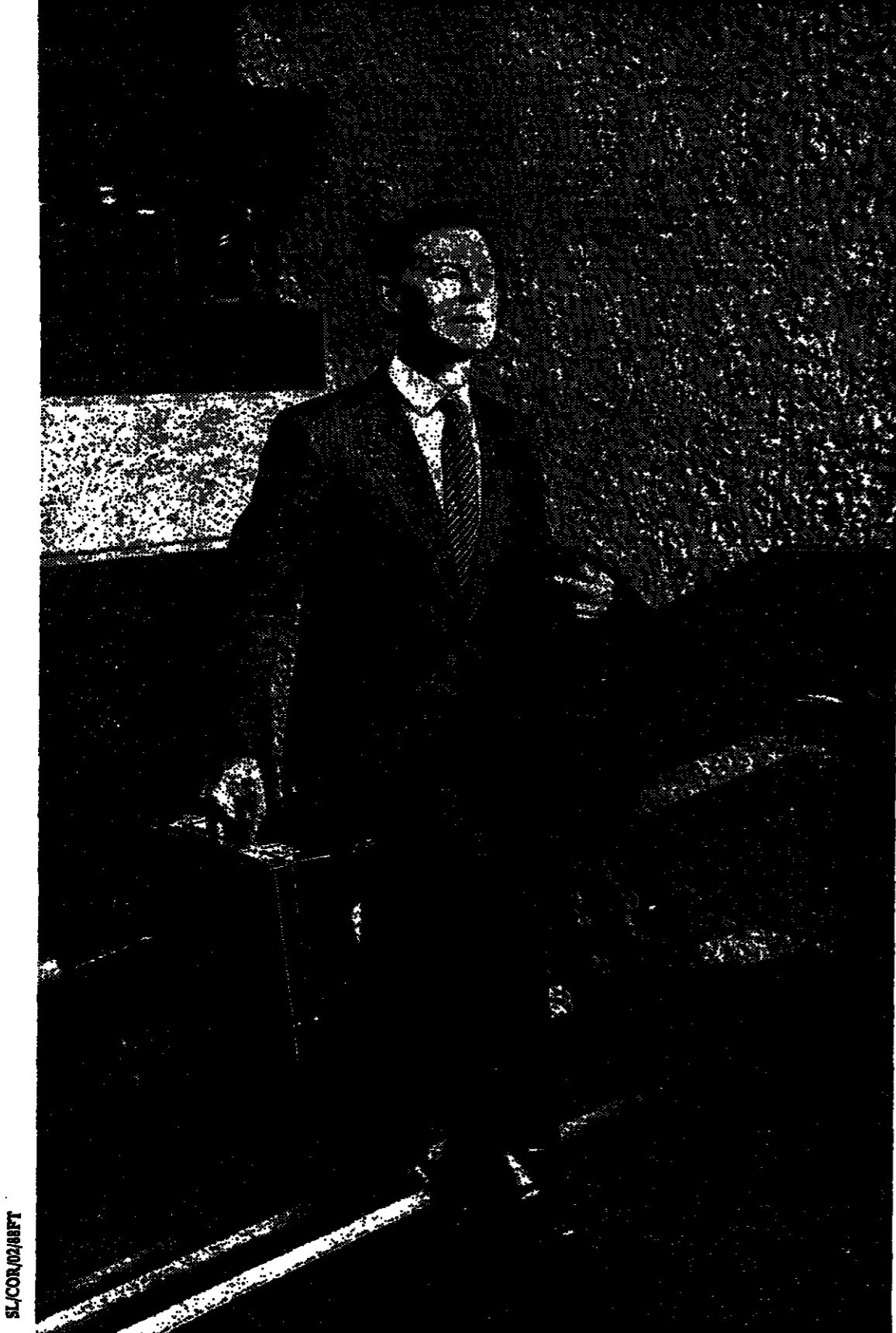
economic role - and one in which the Nato member states are dominant. The Austrian argument is likely to cite the case of Ireland, which has succeeded in maintaining its neutrality within the Community. Clive Cookson and Judy Dempsey add: There are differences of emphasis within Austria's ruling coalition over the prospects for an early application to join the EC. Mr Alois Mock the conservative Vice-Chancellor and Foreign Minister, stated on his

return from a Moscow visit last month that the Soviet Union imposed no obstacles. However, in an interview with an Austrian political weekly, the Socialist Mr Vranitzky gave a more sober assessment. He said that during a recent cabinet meeting, at which Mr Mock's trip to Moscow was raised, it emerged that the Soviet authorities did in fact raise questions about a possible Austrian application. Mr Mock is a staunch defender of an early applica-

tion to Brussels, and is supported by the industrial lobby and the banking community. Mr Vranitzky has taken a more cautious approach. He has yet fully to persuade the left wing of his party of the benefits of membership, and he also wants time to prepare the country both economically and socially. Mr Robert Graf, the conservative Economic Affairs minister, said yesterday that Austria would apply for full membership "no later than next year".

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Anti-corruption drive launched in Azerbaijan

By Quentin Peel in Moscow

A BIG drive against corruption, nepotism and black-marketeering has been launched in the Soviet republic of Azerbaijan, where it has been blamed as a major cause of the bitter ethnic strife between Azeris and Armenians over the future of the enclave of Nagorno-Karabakh. A purge of officials in the Communist Party, elected Soviet and economic management bureaucracy in the republic is now under way, according to Mr Abdul-Bakhman Vedrov, the man installed last May as party leader to restore order. At the same time, the Soviet authorities appear to have made a significant concession to the Armenian protesters who are demanding the secession of Nagorno-Karabakh from Azerbaijan to Armenia. They have agreed that Russian courts, and not Azeri ones, will try the major cases arising from last February's race riots in the city of Sumgait, where 32 people died in the clashes, 26 of them Armenians. The details were published yesterday in Pravda, the main Communist Party newspaper, in a major report on the situation in Azerbaijan and Nagorno-Karabakh itself. The real scourge of Azerbaijan is shameful speculation, and the combination of criminal elements with people in the departments of law and order, and even in the (Communist)

Party and Soviet bodies," the newspaper's correspondents wrote. Poor living conditions and pollution were also to blame for the riots, it says. Previous reports had suggested that the nationalists were little better than criminals seeking to cover up their corrupt activities by inciting ethnic hatred. Pravda's publication comes just two days after the Armenian Communist Party called for urgent action from Azerbaijan to speed up a Moscow-financed investment programme in Nagorno-Karabakh, intended to head off the secessionist demands. Armenian nationalists have claimed not only that the Azeri government is dragging its feet, but also that little has been spent on housing and social amenities has benefited Azeri and not Armenian communities. Some 75 per cent of the population of Nagorno-Karabakh is Armenian. Pravda admits that most could have been done, and faster, to overhaul the administration of the republic. It cites a string of production figures to show the extent of economic stagnation in Azerbaijan under the former Communist Party leadership: a 52 per cent drop in grain production, 66 per cent decline in meat, and 70 per cent drop in milk output between 1970 and 1987.

Greek court votes for extradition to US in bomb case

By Andriana Ierodiakonou in Athens

A GREEK appeal court yesterday voted 2-1 in favour of the extradition to the US of a Palestinian held here since May on suspicion of involvement in a 1982 bomb attack on a US airliner. The case will be referred to the Supreme Court following an appeal, however. Delays in the Greek decision have been a source of friction between Athens and Washington. Greece's ruling Socialists have always on a drawing a distinction between terrorist and "national liberation" movements, and support for the Palestinian cause is a cornerstone of their Middle East policy. The 28-year-old Palestinian, identified as Mohammed Rashid, was arrested at Athens airport for travelling on a false Syrian passport.

Strike threatened at key steel plant in Poland

By Christopher Bobinski in Warsaw

THE OFFICIAL trade union at the Laziiska steelworks, a key Polish producer, is threatening to flout the law and call a strike unless the Government agrees to ease tax restrictions and thus enable management to raise wages. Not only is Laziiska a near-monopoly producer of ferro-alloys but the strike, which has been called for next Saturday, would come a few days before the round-table talks on the country's future between the authorities and the banned Solidarity movement. At those talks Mr Lech Walesa will be urging the Government to legalise Solidarity which is challenging the official union, who argue that they are hamstrung by legislation which makes it difficult to organise strikes. Union officials at Laziiska say the 2,000-or-so workforce has been up in arms since the beginning of September and that they have no choice other than to support the demands. "We will not give up the initiative," Mr Jerzy Mlynski told the Magazyn. Hutniczy trade weekly. "As a union we are fighting for our lives," he added, implying that otherwise his members would turn to Solidarity for support. The official steelworkers' union to which the Laziiska union is federated has yet to take a position on the matter. Yesterday, Mr Antoni Iwanicki, its secretary, pointed out that other steel plants were in a worse position. The Government for its part is resisting the demand as part of its effort to slow wages growth and thus combat inflation.

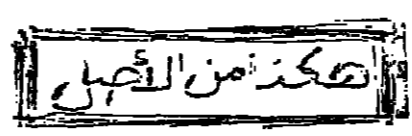
EC law faces rising challenge

By William Dawkins in Brussels

THE NUMBER of suspected infringements of European Community law rose to the highest level for nearly a decade in 1987, but more disputes are being resolved before they get to court, the Brussels Commission said yesterday. The European Commission sent out 572 warning letters to EC companies, Governments and public organisations last year, 10 per cent more than the previous year and the highest since 1979, according to its annual report on the policing of EC law. The study illustrates how Brussels is having to work harder to ensure the rules of an internal market are being observed, as more barrier-breaking laws get adopted in the run-up to 1992. A large number of infringement proceedings are the result of complaints lodged by member-states - like the UK's claim that France wants unfairly to limit imports of British-built Nissan cars. As well as trade disputes, they involve EC environmental and consumer protection rules. Last year, the Commission issued 197 so-called reasoned opinions, the next stage after the initial warning letter, up from 164 in 1986. Only 61 cases were referred to the European Court of Justice, down from 71 in 1986 and 113 in 1985 - though those cases are usually the result of complaints lodged in earlier years. The worst offenders are Italy, which was taken to court 21 times last year for allegedly breaking EC laws, followed by Greece. The report does not mention the Nissan row by name, but it does highlight a UK investment aid to a Japanese company, granted on condition that it used 80 per cent local content. "Following the Commission's intervention, this condition was amended so that all products originating in the Community are treated in the same way," says the report.

Officials said this had no bearing on deliberations on French complaints that UK-built Nissans should only be granted free market access if they have 80 per cent local content.

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EUROPEAN NEWS

Openness arrives in Hungary under careful control

Leslie Colitt in Berlin looks how Karoly Grosz is avoiding Alexander Dubcek's route to reform

HUNGARIANS are being treated by their reform-minded Communist leadership in an outburst of openness, the like of which has not been seen in Eastern Europe since Czechoslovakia's Prague Spring of 1968.



Grosz: free-wheeling

But unlike Mr Alexander Dubcek, the ill-fated Czech leader, Mr Karoly Grosz, the reformist Hungarian party chief, is determined to remain firmly in control of the pace and dosage of liberalisation. The Hungarian media these days has been given unprecedented freedom to deal with issues which, until recently, were taboo. Topics as varied as the activities of Mr Lech Walesa in Poland are being aired with relish. Mr Grosz and his senior aides grant free-wheeling interviews at a rate which would astonish many Western leaders.

Mr Grosz wants to gain credibility for a programme to democratise Hungarian institutions, including the party, to win over Hungarians decidedly sceptical about economic reforms. He has clearly stated, however, that while the party in the future will have many voices and will tolerate minority views within its ranks, its leading role will not be questioned.

At its launch last December as a loose movement of writers and other intellectuals who urged sweeping political reforms, HDF was opposed by the then largely conservative-ruled politburo. But it received support from a leading reformer, Mr Imre Pozsgay, at that time head of the People's Patriotic Front, who had allied himself with Mr Grosz.

In the May leadership reshuffle, Mr Pozsgay was hoisted into the politburo and named Minister of State while being given responsibility for overseeing the mass media. Before the year is out he may well be chosen to be Hungary's new Prime Minister, a post still held by Mr Grosz.

Mr Gyoergy Marosan said in an interview that such citizens' movements coincided with party policy and the government was "extremely pleased" by them. HDF, he said, had shown by its statements that it was ready to "co-operate" with the Government. In contrast to more militant opposition groups which had issued "aggressive" statements.

Many Hungarian intellectuals, however, remain unconvinced that the party is aiming for genuine democratisation of political life. They note that shortly after Mr Grosz became general secretary of the party, dissidents were able to place a wreath on the unmarked grave of Mr Imre Nagy to mark the 30th anniversary of his execution as the Hungarian leader during the 1956 Hungarian uprising.

Dialogue with any opposition group which agrees to operate within the law. One sceptical member of the opposition, Mr Ferenc Kocszeg, editor of the dissident journal Beszelo, remarked that this probably amounted to an arrangement under which Mr Pozsgay agreed to speak in his office with dissidents who, on leaving, would then be "arrested by the security forces."

Nonetheless, a draft law, expected to be adopted later this year, will provide a legal foundation for the many unofficial associations - including two independent branch trade unions and an independent student organisation - which have recently sprung up. A radically new company law, approved by Parliament last Wednesday, is to place private and joint stock companies on an equal footing with state firms for the first time in a Communist country.

constitution of 1989 which the Minister of Justice, Mr Kalmán Kulcsar, said was "practically a copy" of the Stalinist constitution of 1956. He noted that an independent constitutional court would also have to be established.

At the heart of the reform is a new electoral law which is to lead what the party promises will be a democratic parliament in place of the ceremonial legislature which now meets four times a year to approve government bills. The highly respected Hungarian economic weekly Heti Világgazdasag (HVG) noted recently that the constitutional committee was leaning towards the creation of a bicameral legislature in which the Communist party would dominate the lower house while the upper house would contain a cross-section of MPs representing the non-Communist majority. But this, HVG warned, would again mean that the party and not the people would decide which interests of society were worthy of representation.

Single market set to sharpen competition in EC drug industry

By Peter Marsh

WESTERN EUROPE'S \$25bn-a-year pharmaceutical industry is likely to become more competitive over the next few years as a result of the planned unification of the European Community market in 1992.

The opening of the market is likely to lead in particular to increased trade in drugs between countries and more mergers and cross-border partnerships involving European health care companies. These are among the conclusions of a report on the European drugs industry from Key Note Publications, a London-based market research group. The study says that the gradual evolution of common standards between different European nations in licensing new formulations and setting prices for existing products "should create more equal conditions for competition within EC markets so that covert, and sometimes overt, national prejudices and interference can be reduced."

The proportion of generic products in total sales is around 10 per cent in many countries, but is rising rapidly in some cases. Many European states buy most of their pharmaceuticals from local manufacturers rather than those in other European nations - even though prices abroad may be cheaper. This is generally a result of pressure on governments by companies in their territories.

These obstacles to trading between different countries restrict inter-EC drugs trade to about £3bn a year, or roughly one-sixth of total pharmaceutical purchases in the EC. Trading of this sort, however, is likely to grow with the opening of the market, according to the report. There are about 1,500 drugs companies in the EC of which only about 20 have annual sales in Europe of £10m or more. The report says that as trade barriers are reduced "there is likely to be greater consolidation of companies... to strengthen product ranges, eliminate weaknesses in technical research or to link similar products with more resources for effective marketing."

Budapest considers special economic zone

HUNGARY is considering plans to set up Eastern Europe's first special economic zone which could forge concrete trading links between East and West, according to a senior Hungarian banker, Reuters reports from Sopron in Hungary.

town of Sopron could be operating by the mid-1990s, although a less ambitious free trade zone was also possible. Mr Demjan announced the project during a conference on links between the EC and the East bloc trade organisation Comecon. He stressed that planning was in an early stage and economists were still working on a proposal to be submitted to the Government.

Inflation fears and election worries pull Ozal in opposite directions

TURKS ARE bracing themselves for a winter of high inflation, following the referendum on September 25 which dashed the Government's plans to get local elections out of the way early in November. The inflation rate in the 12 months to the end of September rose to 81.8 per cent, fuelled by a budget deficit which increased 163 per cent in the first eight months of the year to total TL 1,711bn (2817m).

Mr Turgut Ozal, the Prime Minister, although receiving a face-saving 35 per cent share of the vote, now finds his government on the horns of a dilemma. If it institutes severe measures to bring the economy back on its structural adjustment course, it risks more slippage at the polls for his ruling Motherland Party

(ANAP) in the winter run up to the local elections. These must now be held as constitutionally scheduled in March. The ANAP has already been overtaken in opinion polls by the main opposition Social Democratic Party (SHP). If it does nothing, inflation may rise higher, further eroding the Government's "central pillar", the broad centre-right silent majority which Mr Ozal claims to have tapped for the first time in Turkish politics. The likelihood is that he will avoid making any precipitate moves. He told a party parliamentary group meeting recently that there would be some monetary measures and budget cuts. Tax evaders would be weeded out and penalised. Inflation, however, could not possibly

be brought down sharply without rapidly decelerating the growth rate - with drastic social consequences. However, the signals are conflicting. After a week of deliberation, the country's Higher Planning Board agreed on the 1989 economic programme, which calls for tight monetary policy and reduced growth even at the expense of unemployment. Growth, set to be 7.2 per cent this year, will be reined to 4.5 per cent. Next year's consolidated budget will be TL 35.5 trillion (million million), but investment allocations will make up only 15 per cent of the total. Retail price inflation is expected to come down to 60 per cent by year's end. A much vaunted "savings communique" from Mr Ozal last Tuesday

ordered all government departments to buy only bare essentials, and forgo unnecessary cocktail parties. More significantly, municipalities were directed to obtain government approval for major spending. Yet some officials of Turkey's Western mentors like the World Bank and the IMF still want to see more concrete evidence of the political will to carry through painful economic measures. Their view is that the Government has failed

throughout 1988 to use its parliamentary majority to take full advantage of opportunities to narrow the budget deficit. The Government introduced an emergency package in early February to cope with the overheating caused by general election economics in 1987. Deep public spending cuts have been implemented in theory, particularly in new capital investment in infrastructure. Criticism is growing nevertheless that the Government has failed to tighten up on taxation and raise revenues, and has not leant hard enough on ministries and local government to stop work - as they have contractors' payments - on all but the most essential and

nearly complete projects. The business and financial community, too, are clamouring for remedial action to alleviate borrowing costs of up to 120 per cent annually. Grumbling continues within the ANAP about Mr Ozal's miscalculation in allowing himself to be lured into the referendum by Mr Suleyman Demirel, the former Prime Minister and leader of the third largest parliamentary grouping, the True Path Party (TTP). Mr Demirel held back at the last minute from an alliance with the ANAP in August to push through a constitutional amendment permitting local elections to be held early. The referendum was built by the opposition into a vote of confidence in the Government. However, rifts have also surfaced within the SHP following the election. Its left wing has charged its pragmatic secretary-general, Mr Deniz Baykal, with turning the referendum to personal account in readiness for an attempt to dislodge the SHP's amiable academic leader, Professor Erdal Inonu. The Government's one continuing economic success story is the narrowing of the current account deficit by 61 per cent to \$322m in the first eight months of the year compared with the same period in 1987. Nevertheless, economists wonder how long the balance of payments can be insulated from the economy's domestic deterioration.

DAEWOO advertisement featuring a jet fighter and the slogan 'WHO HAS THEIR FEET ON THE GROUND AND THEIR HEAD IN THE CLOUDS? DAEWOO THAT'S WHO!'

AMERICAN NEWS

Chile opposition rejects claims of Pinochet victory

By Barbara Durr in Santiago

THE Chilean opposition has reacted angrily to government attempts to present Gen Augusto Pinochet's defeat in last week's plebiscite as a triumph...

That Mr Fernandez's speech was provocative and they were indignant at having their victory belittled.

Mr Sergio Fernandez, Interior Minister and Pinochet campaign manager, gave a speech at the weekend interpreting the plebiscite as a victory for Gen Pinochet.

Mr Renato Gazmuri, a top official of the centre-right National Renovation Party, which supported Gen Pinochet in the October 5 plebiscite, called the move "a provocation of unimaginable consequences to both the opposition and the democratic parties that supported a 'yes' vote."

Opposition leaders agreed.

Mr Genaro Arriagada, the executive secretary of the opposition coalition known as the Command for the No, said Mr Fernandez's speech was "an incitement to yank the country out of the path of moderation and good sense to which we all aspire."

Mr Alejandro Hales, co-ordinator of the organisation independent for the No, called Mr Fernandez "a provocateur", adding that he has shown "his ignorance, because Pinochet cannot be a candidate according to his own constitution."

According to the last of 29 articles of the 1980 constitution specifying a transition to democracy, if the official candidate in the plebiscite loses, all norms of the constitution are applicable for the next election. These specifically prohibit consecutive re-election.

Changing loyalties in Michigan

Stewart Fleming reports on the swing vote in the Midwest

JUST to the north of the urban ruin marked on a national map under the name Detroit is Macomb County, one of half a dozen battlegrounds which party officials single out as critical to the outcome of this year's presidential election in Michigan.

Macomb County has been attracting plenty of top level attention. It was here that Governor Michael Dukakis came last month, donning an oversized helmet to drive around before the television cameras in a tank.

President Reagan was in Macomb County on Friday hoping that some of his popularity would rub off on Vice-President George Bush and Senator Dan Quayle, Mr Bush's Republican running mate, was there yesterday.

Both presidential campaigns are finding that the remarkable transition in the political character of such blue-collar suburban districts during the past 24 years is not over.

Traditional loyalties to the Democratic Party, including those of powerful trades unions such as the United Auto Workers, which helped Senator John F. Kennedy carry 88 per cent of the vote of Macomb County in the 1960 presidential election, have been breaking down.

This helps to explain why President Reagan, with 68 per cent, won an even larger share of the vote in 1984.

But if the predominantly white assembly line workers and clerical staff from the nearby car factories and motor industry service companies had transferred their allegiance firmly to the Republicans, then Mr Bush would be enjoying a more generous lead over Mr Dukakis in state-wide polls.

Instead, the Reagan era is ending in a question mark for

many voters. Many of those who will cast a ballot in November will do so without conviction, suspecting that when the wrapping comes off the product they are being invited to endorse, it will not be something in which they wanted to invest.

"They both scare me," says Mrs Sharon Bernadsson, a young mother shopping with her husband in Macomb Mall on Saturday. "Bush will bring more prosperity but a bigger [budget] deficit. Dukakis will

raise taxes and we will probably end up with more unemployment."

"They both have people who tell them what to do. The whole political system makes me mad," she adds, explaining that the system seems designed to protect the candidates and prevent her from getting the information she needs to make up her own mind about them.

Mr Jim Theman, a computer operations manager in his mid-thirties who voted for Mr Reagan in 1984 "because he had done a good job", has decided how to vote. "I will not fill out the ballot for president this time," he says. He will vote only in the local elections.

Two voices from a crowd perhaps, but they are voices which are familiar to the men whose job it is to win the elec-

tion. "There is a tremendous level of sophistication amongst Michigan voters, you see it in the Detroit suburbs," says Mr Richard Weiner, chairman of the Michigan Democratic Party and a top aide to Governor James Blanchard.

This is not hyperbole. Tick-et-splitting voting for candidates of different parties for different positions, is now endemic.

Two years after giving Mr Reagan a 59-40 per cent lead in the 1984 Michigan vote, re-elected Mr Blanchard with 68 per cent of the vote. Both senators from Michigan are Democrats and Macomb County was continuing to elect liberal Democratic Congressman David Bonior even as it helped Mr Reagan win a sweeping Republican victory in 1984.

Michigan, one might think, would be fertile territory for Mr Dukakis, who claims part of the credit for Massachusetts' economic miracle. The Michigan state economy is in the middle of a shift from over-dependence on a troubled manufacturing sector - the motor industry - similar to that which was experienced by Massachusetts.

Mr Dukakis has the backing of a well-organised and financed campaign, including the wholehearted support of the auto workers union, so why isn't he doing better?

Party officials concede that the Bush campaign's attacks on him for allegedly being soft on crime and defence took their toll in August and September, not least because they went unanswered. "Where I grew up in east Detroit, says Mr Weiner, the party chairman, "if somebody hits you you hit them back." Judging from the comments of voters, however, there is more to it.

Mr Bush is not widely admired by the tough breed of

man who works around the motor industry. But memories of the Carter presidency - and in particular his economic failures - remain fresh. "I went into the services in 1976 and things were bad enough. They were worse in 1980 when I came out," says Mr Jeff Miller, a truck driver and a member of the Teamsters union.

Mr Sami Anzani, top assistant to Republican state senator Richard Posthumus, agrees that the presidential contest is tight. Polls have Mr Bush slightly ahead of Mr Dukakis statewide. But he says Mr Bush's campaign, his opposition to taxes and his tough stance on crime, are a message which will win the support of the middle class and sometimes racist suburbs close to the city of Detroit with its overwhelmingly black population. "Bush's strategy could not be tailored more to the blue-collar Reagan Democrat," he says.

Throughout the industrial Midwest, the pressure is on Mr Dukakis to do well. Together with the industrial north-east states like Michigan, Ohio and Illinois should be the Democratic governor's natural base. Mr Weiner maintains that Reagan Democrats are coming home, but there may not be enough of them, particularly if, as many expect, the turnout among blacks is low.

Mr Weiner hopes that in a close race, the Democratic Party's state organisation can swing the election in Mr Dukakis's favour. Even to have this opportunity, however, some suspect Mr Dukakis will have to craft a message with more emotional appeal if he is to catch the attention of an electorate which seems disengaged much of the time and inclined to settle for the continuity which another Republican president would represent.



Ill wind brings good tidings for Seaga

By Canute James in Kingston

HURRICANE Gilbert, which battered Jamaica a month ago, has brought Edward Seaga, the Prime Minister, a political windfall. According to the results of public opinion polls published at the weekend, the Prime Minister's conservative Jamaica Labour Party has made a significant improvement in popular support since the hurricane struck, and now has an even chance of winning the impending general election.

Despite the high rate of bank failures, which compares with the previous record of 208 institutions which collapsed or received federal assistance last year, Mr Seidman noted that the FDIC continued to enjoy a strong capital position.

Unlike the Federal Savings and Loan Insurance Corporation, the counterpart institution which guarantees deposits in the thrift industry, the FDIC is likely to have excess reserves of \$100 billion by the end of 1988, Mr Seidman said.

Mr Seaga said the Jamaican economy, which grew by 5.5 per cent last year and was expanding at a similar rate when the hurricane hit the island, was on "strong footing" despite the devastation.

About economic targets agreed with the IMF under a current \$110m standby facility, Mr Seaga said: "We are trying to meet those targets, but some of them cannot be met."

Ironically, the improvement in Mr Seaga's popular support will put him under some pressure to call an election. The Government's five-year term expires at the end of the year, but the constitution allows a delay of up to three months if a natural disaster, such as a hurricane, makes voting difficult.

Mr Seaga will need to time the election to make use of his new-found support before public sentiment changes from blaming Hurricane Gilbert to blaming the Government for being slow in mending the damage. The Prime Minister says, however, that he is not thinking of matters political.

Looking back in benevolence

Robert Graham talks to outgoing Mexican President de la Madrid

A DISTINCT end-of-term air pervades the presidential offices and residence at Los Pinos in Mexico City. President Miguel de la Madrid hands over to his chosen successor, Mr Carlos Salinas de Gortari, in six weeks and both the focus of attention and the initiative has shifted to the new presidential team.

President de la Madrid looks on with the benevolence of a father letting his son take over the family business, a trifle thankful that new blood is assuming the responsibilities. This has not been an easy "handover" dominated from the outset by the debt crisis and then having to cope with unprecedented pressures on the ruling institutional party, the PRI, to democratise.

Looking back over what has been done, President de la Madrid says: "The basic achievement these past six years has been the nation's ability to react positively to a serious economic crisis... the worst in Mexican contemporary history. The country reacted with a tremendous sense of solidarity which has permitted a big movement of national renovation."

In the oblique language of Mexico's politicians "national renovation" means structural change. The President is proud of having complied with his pledge to shake up the public sector and initiate a deregulation of the economy.

No less important, he believes, has been the liberalisation of trading policy, taking Mexico into GATT and the consequent changes in tariff policies and import licensing. "The

economy has reacted to these changes, and we have increased our non-oil exports in a way which has really surprised us," he says.

In 1982 non-oil exports accounted for 22 per cent of the total; this year they make up 36 per cent.

President de la Madrid readily accepts the negative side of the debt crisis "a drop in living standards, real wages and in the levels of both private and public sector investment". However, he believes the economic measures, above all the economic solidarity pact of last December, have laid the groundwork for a return "in time" to 4 per cent growth.

On the country's \$103bn foreign debt, the President feels Mexico has pioneered negotiations with the international financial community, and he appears more optimistic than two years ago. "Although the negotiations on the debt have been slow and painful, we are seeing some results. Although facing the problem far from solved, he is convinced "we are moving along this path."

Turning to politics, President de la Madrid recognises that both the presidential election campaign and the result of the July 6 election mark a turning point in Mexico's political development. He says he believes the July 6 elections are a watershed in that they witnessed far greater popular participation, and I think this is an irreversible phenomenon."

He also rejects the view that the widespread, and continued, fraud allegations undermine the legitimacy of Mr Salinas. "I think he has credibility from the majority, and Mexico will demonstrate that it continues to be a stable country capable of ensuring a peaceful transfer of power... The doubts about the legitimacy [of the electoral results] expressed by the opposition reveal a traditional Mexican custom - the loser always cries foul."

Despite the emergence of Mr Cuauhtémoc Cárdenas as a strong opposition leader in the elections, the President seems unwilling to make concessions before leaving office. He sees Mexico as a social democracy "and we are not willing to change the system."

Nevertheless, he envisages an important evolution in the role of Congress, making the presidency more accountable. "In the future I envisage a better balance between the execu-

tive, the legislature and the judiciary. Parliament will have a greater say."

But he cautions: "For the foreseeable future Mexico will not change its strong presidential system for a parliamentary system. We have a clear presidential tradition and in Mexico we do not have the political culture to adopt parliamentarism."

"The structure of the political parties is still not mature enough, and Mexico will continue to need a strong government - by this I certainly do not mean authoritarianism, but one strong in the sense of being efficient."

President de la Madrid does not believe that the changing political climate throws his successor into the clutches of old party bosses of the PRI. "This is a fear voiced at the beginning of very new administrations... this was said when I took office." Besides, adds the President, the high percentage of young people in the population means the Government cannot be a prisoner of the older generation in the party.

Among his own achievements President de la Madrid is proud of having returned the municipalities, devolving considerable financial autonomy. He also likes to cite the increase in literacy over the last six years (the percentage of illiterates has fallen from 14.5 per cent to 5 per cent), and a huge effort made in housing.

He declines to discuss his plans, other than his desire for a good rest. But he is only 54 and this seems an unlikely age to opt for retirement.

Mexico on target to cut inflation rate to 50%

By Richard Johns in Mexico City

MEXICO'S MONTHLY rate of inflation dropped to its lowest monthly rate since June 1978 last month, when the Consumer Price Index rose only 0.5 per cent over the August level.

It brought the cumulative increase during the past nine months of the year to just one per cent. The Government now looks well placed to achieve its objective of containing inflation within 50 per cent this year.

The Central Bank cited as the main factor the lifting of value added tax on processed foods and medicines, together with the price cuts by the private sector under the tripartite deal, among Government, unions and business, which led to a three-month reversal of the Economic Solidarity Pact in mid-August.

Any jubilation about the stabilisation plan's continued success in curbing inflation may be tempered by the groundswell of opposition within the labour movement to a proposal to extend it

beyond November, until the end of 1988.

The Government has focused on sharp price increases in the private sector on meat, eggs, milk, beans and other food products.

When the austerity plan was renewed in August, the private sector undertook to reduce prices by at least 3 per cent. From the start of its implementation in January, the prices of public sector goods and services were frozen. Last week, the leadership of the Congress of Labour proposed to President-elect Carlos Salinas de Gortari that the pact should be extended during his first months in office. He is reported to have approved in principle.

The initiative, however, was very much that of the predominant Confederation of Mexican Workers, led by Mr Fidel Velazquez, a stalwart of the ruling PRI. But dissidents within the Congress, which has 34 member-organisations, are becoming openly restive about the wage freeze.

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OVERSEAS NEWS

Indonesia racked by legacy of a long-dead leader

A biography of Sukarno has fuelled debate over his continued influence, says John Murray Brown

INDONESIANS often seem baffled by their own history, and no figure is more baffling than Gen Sukarno, the nation's first president who fought for and won independence from the Dutch in 1945 and then pitched the country into political and economic chaos.

A new biography of Gen Sukarno, who in effect ruled the country for two decades from 1945, has helped revive the controversy and provide a contrast with the present.

The debate has also focused, perhaps inevitably, on the achievements of the only leader most Indonesians have known: his successor, 67 year old President Suharto. The book, *Who Sows the Wind Reaps the Tempest*, describes Indonesia's founding father as a communist and alleges that he was intimately involved in the failed left-wing coup of 1965 which was to lead to his downfall.

The Government has not endorsed the work, although some cabinet members have appeared to sanction its claims. Journalists, many of whom were imprisoned during the Sukarno years, have more commendably, condemned the book almost to a man. The author, a former intelligence officer, said merely that he was trying to stem Sukarno's rising popularity.

Sukarnolism is a phenomenon that President Suharto's New Order regime has had to live with ever since seizing power after the abortive communist Indonesia's Communist Party was wiped out in a bloody purge in which as many as 500,000 were killed.

But Gen Suharto learned early on to use kid gloves to handle his populist predecessor. He carefully engineered Sukarno's removal from office in 1967, using every legal means available. He then bowed to public pressure, granting him a state funeral on his death three years later.

Sukarno's ideas have been less well received. His writings after 1959 are banned. School textbooks which dwell at length on the independence struggle make no mention of Marxism, Sukarno's quasi-Marxist agrarian philosophy.

Earlier this year the Government banned a small youth group devoted specifically to the study of Marxism.

If Sukarno's appeal today seems undiminished, it has little or nothing to do with his peculiar brand of socialism. At elections last year thousands of young Indonesians brandished posters of the former leader unmistakable in his Ray



President Suharto (left) has learned to handle populist Sukarno's reputation with kid gloves



world. It was a particular blow when in September Indonesia failed to win support for its candidacy as head of the Non Aligned Movement - an organisation which Sukarno helped to found.

The contrast in styles could hardly be more pronounced. Sukarno was an internationalist, a stirring orator whose way with words was matched only by his notorious way with women. But Sukarno's Indonesia was also one of food shortages and triple digit inflation where the leader's fiery nationalism bred regional division, military factionalism, and led to the ill-fated confrontation with the newly independent Malaysia.

Paradoxically President Suharto, the smiling General, enjoys the sort of unchallenged authority that Sukarno always aspired to but never attained. He has countenanced little opposition, skilfully playing on the rivalry between the court and the military which are still Indonesia's main sources of power. The press remains stifled. The judiciary is Government-controlled. The Islamic threat in what is nominally the world's largest Moslem country, has been firmly dealt with. During the New Order Indonesians have attained a standard of living never known under Sukarno.

The current rub is that the economy has been badly hit by

the fall in the price of oil, the main source of Government revenues and foreign exchange. Rice self-sufficiency, one of President Suharto's proudest achievements looks unsustainable as the country's 175m population continues to grow 2.2 per cent every year. More worryingly, the middle class which has benefited most, is starting to question the social costs of development. Newspapers are today full of stories about industrial pollution and the problems of traditional land rights in a modern setting.

The leadership issue is perhaps giving Indonesians more to think about. The military, hitherto the main source of trained personnel, may not be capable or even willing to keep hold of the reins of power. Officials ask whether the present controlled political system is able to throw up civilian leaders to take their place.

There is growing criticism of the so-called P4 course - a spoon-feeding of the state ideology Pancasila, obligatory for everyone from top civil servants to theatre directors. Gen Benny Murdani, the Defence Minister, caused a stir recently when he suggested the establishment of a special school to groom the nation's best and brightest. Many Indonesians probably feel the country is already elitist enough.

Kaunda visits Zaire for peace talks

PRESIDENT Kenneth Kaunda of Zambia arrived in Zaire yesterday to discuss prospects for peace in southern Africa with President Mobutu Sese Seko. The Zairean leader was expected to brief Mr Kaunda, the chairman of the frontline states on his talks last week with South African President FW Botha, our Foreign Staff

writes. Mr Kaunda turned up in the southern Zairean centre of Lubumbashi as the Zimbabwe Foreign Ministry announced that tomorrow's summit of frontline states in Botswana had been cancelled.

The cancellation appears to underline a split among the southern African states on how

to respond to Mr Botha's recent diplomatic overtures in the region with Zimbabwe rejecting any idea of a meeting with the South African leader and Zambia willing to welcome him under certain conditions.

Yesterday's moves came amid optimism that progress has been made in talks on independence for Namibia.

Burmese troops clash with guerrillas

BURMESE government troops fought against some 1,000 ethnic minority guerrillas attacking their frontier units yesterday, the government said, AP reports from Rangoon.

The battle came two weeks after communist Karen guerrillas raided perimeter outposts then sent reinforcements to attack troops at Methawon on

the western bank of the Moei River that separates Thailand and Burma, it said.

More than 150 shells fired from the Thai side of the river, crashed into Methawon on Sunday, it said. Shells fired by the guerrillas inside Burma also struck Thai territory, he said.

The area is about 210km

north east of Rangoon.

The Government gave no casualty figures and said that the fighting continued yesterday "in the second biggest engagement" since September 30 when government forces drove back some 2,000 guerrillas of the Burma Communist Party from Mong Yang in the east.

Oil and Gas Technology Projects

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The Offshore Supplies Office, OSO and the European Commission have organised a seminar at 2pm on Monday 7th November at the London offices of the European Commission, 8 Storey's Gate, London SW1P 3AT.

The Commission will describe their role. Places at the seminar will be limited and will be allocated on a first come first served basis.

To reserve a place at the seminar and obtain a free booklet designed to help British companies seeking funds under the scheme entitled 'Technological Developments in the Hydrocarbons Sector', simply post the coupon; or telephone Miss J. Park of the Offshore Supplies Office on 041-221 8777 ext 488.

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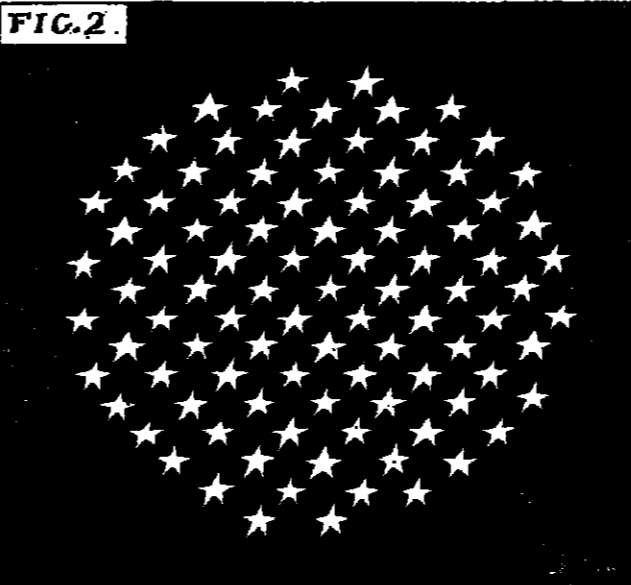
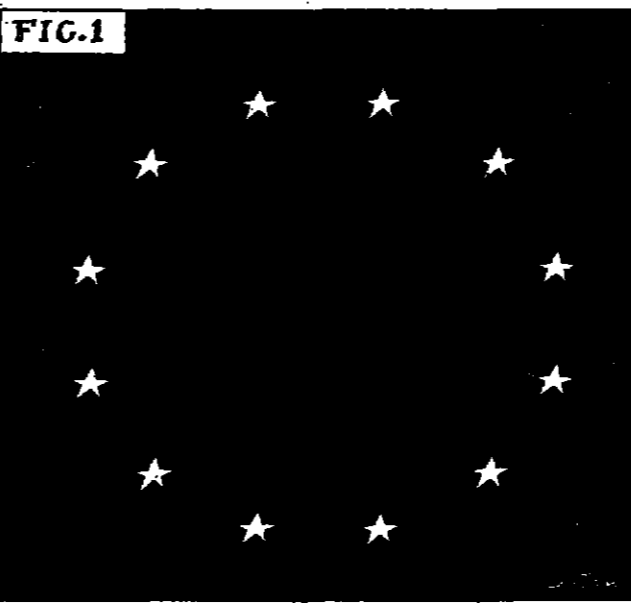
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OVERSEAS NEWS

Israeli giant at risk over \$20m bank claim

Andrew Whitley reports on Bankers Trust move to wind up Koor Industries



Eyes right: cadets from a college of political warfare march past Taiwan's presidential palace yesterday during a military parade marking the 70th anniversary of China's nationalist revolution

Gazan fruit-growers granted licence to export to EC states

By Andrew Whitley in Jerusalem

ISRAEL has granted its first licence to Gazan fruit growers to export their produce to the European Community, apparently ending a prolonged dispute with Brussels extending over two years. The resolution of the dispute comes on the eve of tomorrow's scheduled debate in the European Parliament on the ratification of a package of bilateral trade accords with Israel.

week by the Israeli Agriculture Ministry and the Civil Administration for the occupied territories to a group of Gazan exporters covers a consignment of 3,300 tonnes of grapefruit ordered by purchasers across the Community. First shipments are expected to arrive in the UK in early December bearing the new label "Gaza Top".

ing the arrangements in Gaza and Tel Aviv, a second consignment of 150,000 tonnes of shaddock, or navel oranges is planned for export to Western Europe in December. In February, provided a licence is granted, the Gazans hope to export up to 700,000 tonnes of their main product, the Valencia orange.

Twice delayed earlier this year by Strasbourg, in protest at Israel's policies in the occupied territories, any further postponement could create a serious rift between Brussels and Tel Aviv. At the start of their export season, Israeli farmers are anxious to gain the lower tariffs available under the pending treaty.

To overcome the tricky problem of defining the country of origin of the produce, the cartons will simply say "Produce of Gaza". Stateless themselves, the growers had attempted to stick out for the marginally more political wording "Gaza Strip", but this was overruled by the Israeli authorities.

Ironically, one potential pitfall in the way of the scheme's success is competition from Israeli juice manufacturers for this year's poor citrus crop. Amid suggestions that prices are being artificially inflated - to demonstrate to the European Community that its support for Palestinian farmers is more political than economic - the juice makers are said to be offering Gazan orange growers double last year's price for their fruit.

Islamic ministers tackle media image

ISLAMIC information ministers open their first conference in Jeddah today in a bid to improve what some consider the unfair image of Moslem countries in the world media. Reuters reports from Jeddah.

gradually liberate themselves from dependence on non-Moslems in the field of information. Delegates from the 46-member Islamic Conference Organisation (ICO) should "contribute to confronting the activities of Christian missionaries."

tion," it said. Another important element would be to confront hostile information. Saudi Interior Minister Prince Nayef bin Abdulaziz said the mass media had a role in maintaining security. The prince, on a visit to Turkey, told SPA "security does not merely depend on security organs but also on religious and social structures."

Imagine a move in the British courts by a US bank to force the compulsory simultaneous winding up of British Steel, British Aerospace and GEC. Take into account the fact that crucial national elections are due in three weeks' time, and the three mega-companies at risk are owned by the Trades Union Congress.

usually begin as pebbles rolling downhill. The five unsecured loans which Bankers Trust Company of New York extended to Koor USA Incorporated, on which its Israeli parent defaulted last week, were just that - pebbles.

the bank's Israeli lawyers said the move was in the best interests of everyone concerned: Koor Industries, its creditors and Israel. One passage in the statement went to the heart of the issue, reflecting the deep, underlying antagonisms which have developed during this year between Israel's largest company and its most important foreign creditor: "The current management of the company... has lost the confidence of Bankers Trust Company to manage the company to bring it back to profitability."

reason. Under the terms of a \$105m "junk bond" it had issued in the US in 1986, failure to keep the group's debt/equity ratio under 300 per cent would lead to an automatic early redemption of the debentures.

"I cannot imagine that a court will call for the winding up of a company with a \$5bn turnover on the basis of a \$20m claim."

Put into an Israeli context, that is the significance of Sunday's application by Bankers Trust to liquidate Koor Industries. Far and away Israel's largest company, Koor alone is responsible for 12 per cent of industrial output. Its 30,000-strong workforce makes up 11 per cent of industrial employment.

Months of negotiation with Koor's new management - installed after record 1987 losses of more than \$250m - over additional securities for its loans seemed to be leading nowhere. Concern was growing that a new package of credits for Koor being put together by a consortium of Israeli banks might put foreign creditors of the troubled group at a disadvantage.

Unlike the Israeli's other creditors, all of which have, until now, rolled over maturing loans and extended existing credit lines in support of Koor's recovery programme, the blue-blooded New York bank wanted its money back. For its part, Koor was desperately anxious to keep all its creditors together. If one broke ranks at this critical time, with an all-important first-half result for the new management coming up on October 17, the avalanche of claims could be catastrophic.

Over the past six months, Mr Benjamin Gaon, the chief executive officer drafted in by Ezerat Ha'Ovdim, the labour federation holding company, has made reasonable progress in reducing overheads. Several factories have been closed and the payroll slimmed down.

Other foreign creditors follow Bankers Trust's example, the situation could rapidly worsen. Substantially more help is thus likely to be needed in the near future if the group is to regain the semblance of an even keel. That help may be on the way, judging by comments made yesterday by Prime Minister Yitzhak Shamir. "Koor is one of the most important companies in the land. It is forbidden to abandon it," he said.

On Sunday, Bankers Trust therefore took the extraordinary step of seeking a court order in Tel Aviv to force the winding-up of the Koor group. A statement issued through

On Sunday, Bankers Trust therefore took the extraordinary step of seeking a court order in Tel Aviv to force the winding-up of the Koor group. A statement issued through

Although Koor management had gleaned a few inkblots of what the US bank was contemplating late last week, no one could believe it would seriously go through with such a move. As Mr Gaon remarked:

Army takes harder line against uprising

By Andrew Whitley in Jerusalem

AS THE Palestinian uprising moves into its 11th month, the Israeli Army has taken the offensive, in a calculated bid to raise the cost of continuing daily unrest in the occupied territories.

authorities, three such deaths were reported at the end of last week.

Other instances of operations by Cherry forces have been recorded by journalists in the centre of Nablus.

car had just missed being the target of a molotov cocktail, shot and wounded two "Palestinians" he saw running away from the scene. Minutes later, he discovered he had hit Israeli soldiers waiting in ambush by mistake.

Over the past three days alone, nine Palestinians have died, and at least 50 have been injured, in the West Bank and Gaza Strip following instructions from Mr Yitzhak Rabin, the Defence Minister, to "shoot to wound" demonstrators. In case any doubt remained, the command was restated by Mr Rabin on Saturday night.

Spearheading the Israeli offensive are two elite undercover units, one in the West Bank and the other in the Gaza Strip, codenamed "Cherry" and "Simon". In tandem with the Shin Bet secret police, Palestinians say these plain clothes forces have been responsible for many recent arrests.

The undercover units, employing mostly Sephardi Jews of Middle Eastern origin and appearance, are also charged with combatting changing tactics on the Palestinian side. When, for instance, the incidence of petrol bomb attacks on the security forces and on Jewish settlers' cars suddenly increased, their attention was switched to stamping out this new threat.

What has prompted several protests from foreign news organisations - to no avail - is the way in which members of the security forces sometimes pose as journalists as well, to film demonstrators and facilitate arrests.

The sharpening conflict - exacerbated by the approaching Israeli general elections - is also being reflected in increased attacks by Palestinians on alleged collaborators. Despite stepped-up protection and the threat of harsh reprisals by the military

Usually masquerading as Arabs, the main purpose of these units - whose existence the army does not officially acknowledge - appears to be to gather intelligence and to "snatch" suspected ringleaders. According to Reuters news agency, Israelis in civilian clothes and Arab headaddresses attacked residents of Dura village, in the West Bank, during a big army sweep on Sunday.

Not that these Israeli versions of Lawrence of Arabia, in traditional Palestinian dress, cruising around the streets in confiscated Arab licence-plate cars, always get their men. In one classic mix-up last month, which left red faces all round, an American-born settler, a Vietnam War veteran, whose

Palestinian state to be declared

PALESTINIAN leaders have agreed to recommend the declaration of a Palestinian state and the Palestinian parliament-in-exile will probably make the declaration before the end of the month, a spokesman confirmed yesterday, Our Foreign Staff writes.

Mr Jamil Hilal, director of the Palestine Liberation Organisation information department, said that the leaders, at meetings in Tunis since last Friday, have also decided that formation of a provisional government should wait until later.

The state would be based on a resolution passed by the United Nations Security Council in 1947 - before the birth of the state of Israel - which proposed the division of Palestine into Jewish and Arab states, Mr Hilal said.

Mannesmann advertisement featuring the headline 'Mechanical engineering electronics Mannesmann's decisive edge'. The ad includes a large image of industrial machinery (CNC control systems and drive units) and text describing the company's capabilities in mechanical engineering, electronics, and automation. It mentions 'Indramat CNC control systems and drive units in an automobile transfer line'.

WORLD TRADE NEWS

Gatt dispute mechanism may be speeded up

By William Dullforce in Geneva

THE MECHANISM for settling trade disputes under the General Agreement on Tariffs and Trade (GATT) is likely to be substantially improved next year following the tabling yesterday by 13 countries of substantive proposals.

The whole process would be speeded up by fixing stricter time limits. These would apply to the bilateral consultations between contending governments which have to precede a GATT investigation, to the establishment of a panel to investigate a complaint, and to the deadline for publication of the report.

Disputants would no longer be able to block adoption of the panel's recommendations by the GATT council. They could either join or abstain from the consensus by which GATT decisions are traditionally reached.

The proposals were submitted to the group negotiating an improvement to dispute settlement under GATT's current Uruguay Round by Canada.

They had been worked out in consultation with Argentina, Australia, Hong Kong, Hungary, New Zealand, the three Nordic countries, South Korea, Switzerland and Uruguay. They recommended that the proposals come into effect on January 1.

None of the three major trading blocs, the European Community, the US and Japan,

immediately responded but they are unlikely to object to the main proposals.

The 13-nation paper could well form the basis for decisions by trade ministers when they meet in Montreal in December to review progress in the Uruguay Round.

GATT's mechanism for resolving trade squabbles has come under fire most frequently in the US Congress.

Under the 13-nation proposals, possibilities for stalling by the country accused would be curbed. The GATT council would have to establish a dispute panel at the meeting immediately following the one at which a complaint had been submitted.

GATT's director-general would appoint the members of the panel, if the parties to the dispute had not agreed on its composition within 20 days.

A single panel could investigate complaints from more than one member, if they are related to the same issue.

As a general rule, a panel should not take more than six months to file its report, the 13 nations suggest. In urgent cases it should report within three months.

The proposal also tightens procedures for monitoring compliance with a GATT report and for countries to claim compensation.

S Korean electronics exports to rise 20%

By Maggie Ford in Seoul

ELECTRONICS exports from South Korea are expected to show increases of more than 20 per cent over the next year and investment in new production facilities is speeding up.

According to a survey by the Electronics Industries Association, exports of television sets, video-tape recorders, other household appliances, semi-conductors and video-tape reached \$4bn in the first six months of the year.

Exports for the second half are estimated at \$7.2bn, an 18 per cent rise on the same period last year, with a further rise of 21 per cent projected for the first half of next year.

The forecasts follow an announcement by GoldStar, the country's second largest electronics company, that it is planning to invest \$2.3bn in a new semiconductor plant. The first stage of the project is to be completed in 1991 at a cost of \$600m and will manufacture a range of semiconductors including dynamic random access memory (DRAM).

Sales at Samsung Semiconductor and Telecommunications, South Korea's largest producer, soared 63 per cent in the first half of this year. The resulting high prices and shortages have affected supplies to domestic producers of computers and other electronic products, however.

The three main electronics producers, Samsung, GoldStar and Daewoo are nevertheless expecting turnover to rise by between 25 and 30 per cent next year, mainly through export growth and diversification but also because of the government's plan to stimulate domestic demand.

The companies are increasingly planning to open plants abroad, especially in Europe, to manufacture household appliances such as TV sets and microwave ovens, so as to avoid protectionist threats.

Lomé countries full of angst over 1992

Tim Dickson on the opening tomorrow of talks aimed at reaching a new convention

TAKE CHOCOLATE, said the Nigerian ambassador pointedly. "Countries like France and Belgium at the moment insist on pure cocoa in their products but what happens to us if the barriers come down and British companies, using only 5 per cent cocoa in their ingredients, subsequently move in and flood the European market place?"

The answer to this rhetorical and still hypothetical question posed in the wings of a recent conference in Madrid expresses one of the major fears of the 66 African, Caribbean, and Pacific (ACP) nations as they prepare for the formal opening in Luxembourg tomorrow of negotiations for a new trade and aid agreement to replace the current (and third) Lomé Convention.

Observers are convinced that the background of Europe's plan for a single market by 1992 - and concern that the EC may become a members' club more impervious to other countries' exports - will be one of the major themes in the forthcoming talks.

Along with the worry that the trade preferences the ACP currently enjoys with the Community could also be eroded by concessions made to other non-EC countries in the Uruguay Round, plus the EC's apparent determination to link its aid more closely to those states making structural adjustments, "1992" seems certain to dominate a diplomatic process

expected to last the best part of 12 to 18 months.

"We are facing probably the most crucial negotiation since we entered this relationship with the EC," Mr Edwin Carington, ACP Secretary-General, said recently with the informal market programme and the unilateral trade talks firmly in mind.

The Lomé Conventions, successors to the old Arusha and Yaounde agreements which

products (Kenyan strawberries are among the most widely quoted exceptions). The money comes out of the European Development Fund, and is distinct from the food aid programme for developing countries paid out of the EC's agricultural budget.

At this stage no one is even speculating about the size of a successor to Lomé III. What is clear is that while member-states do not envisage a quantum leap in support, some sort of increase in the amount of aid will be politically inescapable.

Besides compensation for any 1992 and Uruguay Round setbacks, the ACP will be pointing out that despite 25 years of preferential treatment, not one of its members has climbed into the league of newly-industrialising economies and that more emphasis must in future be placed on help with the processing at home of their own raw materials.

The delicacy of some of the issues has been illustrated by the EC's initial inability to agree on a common negotiating mandate for the forthcoming talks.

The Community's ambassadors managed to paper over the cracks at a meeting in Brussels late last week - thus avoiding the embarrassment of Foreign Ministers having to hold their own last-minute negotiations tomorrow morning - but the Community's own internal deliberations mirror many of the problems

which will surface when the talks proper get under way. These are:

• Trade: The EC has been split on roughly a North/South basis on the extent to which new trade concessions are possible. Most ACP agricultural products for which there are still duties and quotas (such as nuts, dates and figs) compete with the output of Mediterranean farmers - hence the sensitivity of the Italians.

• Aid: There is general agreement within member-states that the Community's support should be focused more clearly on so-called structural adjustment - that is to say, away from conventional long-term projects and towards the rapid disbursement of aid to help overcome short-term balance of payments difficulties and economic adjustment programmes.

While accepting that some changes in this direction is not only inevitable but desirable, the ACP bloc is anxious that extra funds should be made available and conditions on this part of the package should not be imposed. The EC mandate, in line with Britain's wishes, makes no reference to a special facility, but the chances are that other member-states will wish to see this as part of the final agreement.

• Other: More specific questions include the future of Stabex - the aid fund which guarantees the agricultural export earnings of ACP countries - which could well be reshaped; the possibility of interest rate subsidies for some of the more indebted ACP nations (though Community competence in a matter like this is a matter of debate); whether to combine the separate Portuguese sugar quota with the 1.2m tonnes of sugar which the EC currently guarantees to buy at European prices; and the geographical coverage of a future Convention.

The sensitive issue of whether or not the Dominican Republic and Haiti should be included has been left open, with Spain still enthusiastically in favour and a group of other member-states (led by Britain) worried that this will clear the way for countries in Central America and thereby dilute the benefits for the existing members of the ACP.

Leader, Page 22

The current Lomé convention runs out in 1990

were named respectively after a town in Tanzania and the capital of the Cameroon, have since 1976 governed the trade and aid relations between the EC and a group of developing countries, many of which are former colonies of the member-states.

The ACP bloc is heavily concentrated on Africa - all sub-Saharan countries are members except South Africa and Namibia - but it also takes in 12 Caribbean nations and eight in the Pacific.

The current Convention which runs out at the end of February 1990 provides a total aid and soft loan package of Ecu8.5bn (£5.5bn) for the ACP recipients, along with free access for ACP industrial imports and virtually free entry for their agricultural

Malaysian Mining wins \$150m pipeline contract

By Wong Sulong in Kuala Lumpur

MALAYSIA Mining (MMC), the world's biggest tin mining group, has won a contract, worth 400m ringgit (\$150m) to build a 730km gas pipeline for Petronas, the Malaysian oil corporation.

MMC's 55 per cent-owned subsidiary, MMC Gas Services Berhad, is to undertake the pipeline contract, with GAT Entrepouse of France and Mannesmann Aktiengesellschaft of West Germany.

The consortium won the contract against three other international consortia, led respectively by Malaysian companies, Sims Darby, Pemas Construction and the Trengganu State Economic Corporation.

In an announcement over the weekend, Petronas and MMC said the contract would be signed "by the first week of November."

The contract is for the engineering, procurement, construction and commissioning of the pipeline.

Tokyo threatens EC on quotas

By William Dawkins in Brussels

TOKYO is considering a formal complaint to the General Agreement on Tariffs and Trade if the European Community fails to produce guarantees that it will scrap a wide range of national import restrictions, Japanese officials said yesterday.

Japan has given the European Commission until late December to get 11 member-states - all EC countries but Britain - to agree to phase out 131 nationally imposed quota restrictions on 167 products ranging from cars imported to Italy and Portugal to camera lenses, forklift trucks and bananas.

While Japan's complaint

that these import quotas are discriminatory has been a lingering source of tension with the EC for years, Tokyo made it clear at an informal meeting with Commission trade officials last month that it now wants to bring the matter to a head.

Japan notified Gatt in July that it thinks the EC restrictions are unfair, but as part of the wider Uruguay Round of trade liberalisation talks, rather than a specific complaint.

Officials from both sides admitted the volume of trade involved is not significant, but Japanese diplomats said they attached great political impor-

tance to the restrictions at a time when Tokyo was trying to build its economic links with the EC.

A Commission official said yesterday that Japan's complaints would be taken up with member-states. These talks only cover quota restrictions officially sanctioned by individual EC governments. Spain is the worst alleged offender, with 41 restrictions, followed by Italy with 36, Portugal with 23 and France with 17. Britain is the only EC member with no quota restrictions covered by the dispute.

Italian and Portuguese car import curbs are included in the talks

Joint venture for Soviet and West German banks

BANKS from the Soviet Union and West Germany have jointly founded the first finance company to combine capital from Eastern and Western Europe, a Soviet banking official said yesterday, Eastern reports from Zurich.

In the deal, the Soviet Union's Bank for Foreign Economic Affairs and West Germany's Landesbank Rheinland-Pfalz team up to form a Zurich-based company, named Eurasco Zurich.

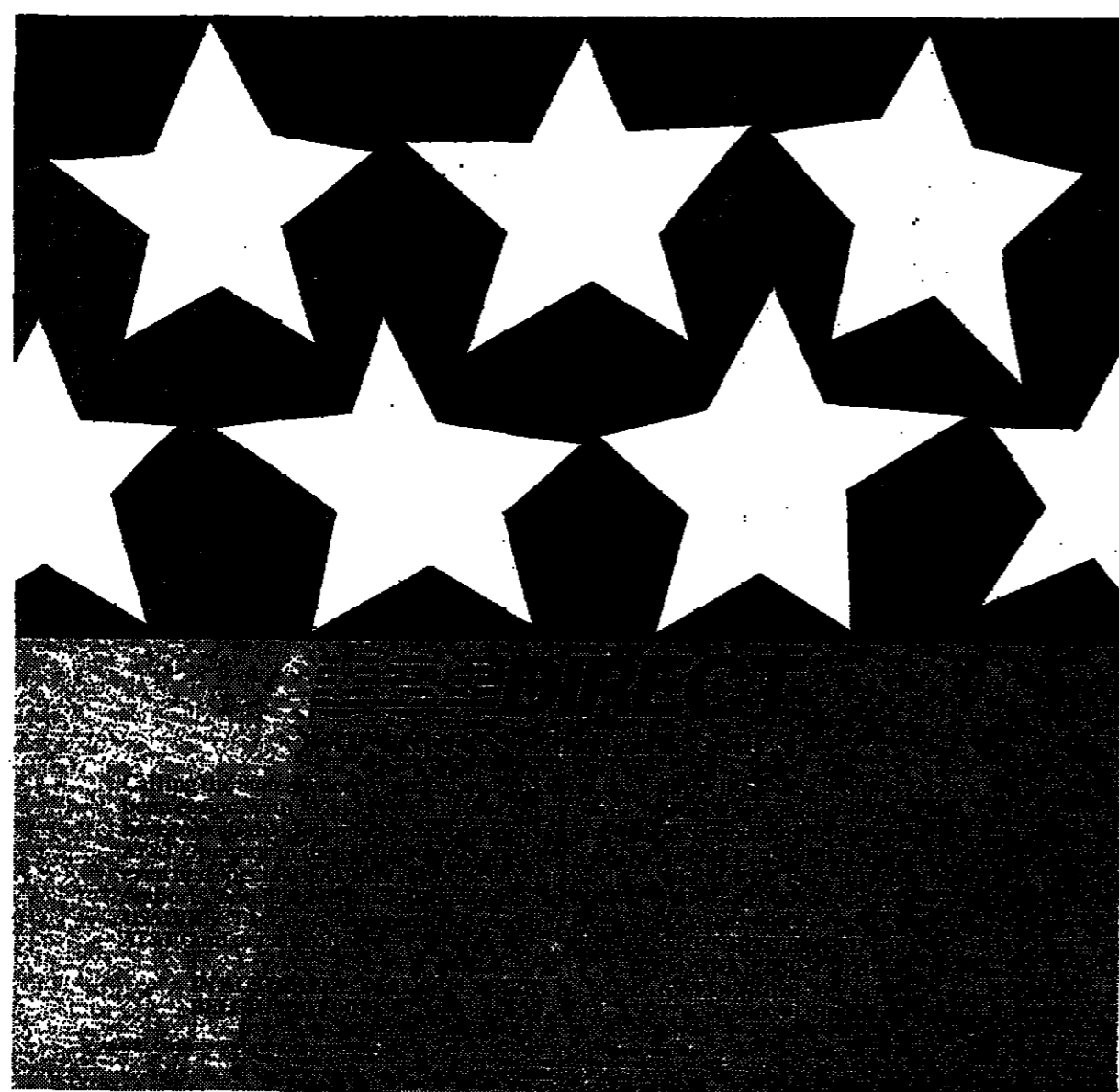
It will focus on trade financing and loan syndication, but will also conduct other business, including securities trading, said Mr Vladimir Goros-

nov, general manager for the Bank for Foreign Economic Affairs in Zurich.

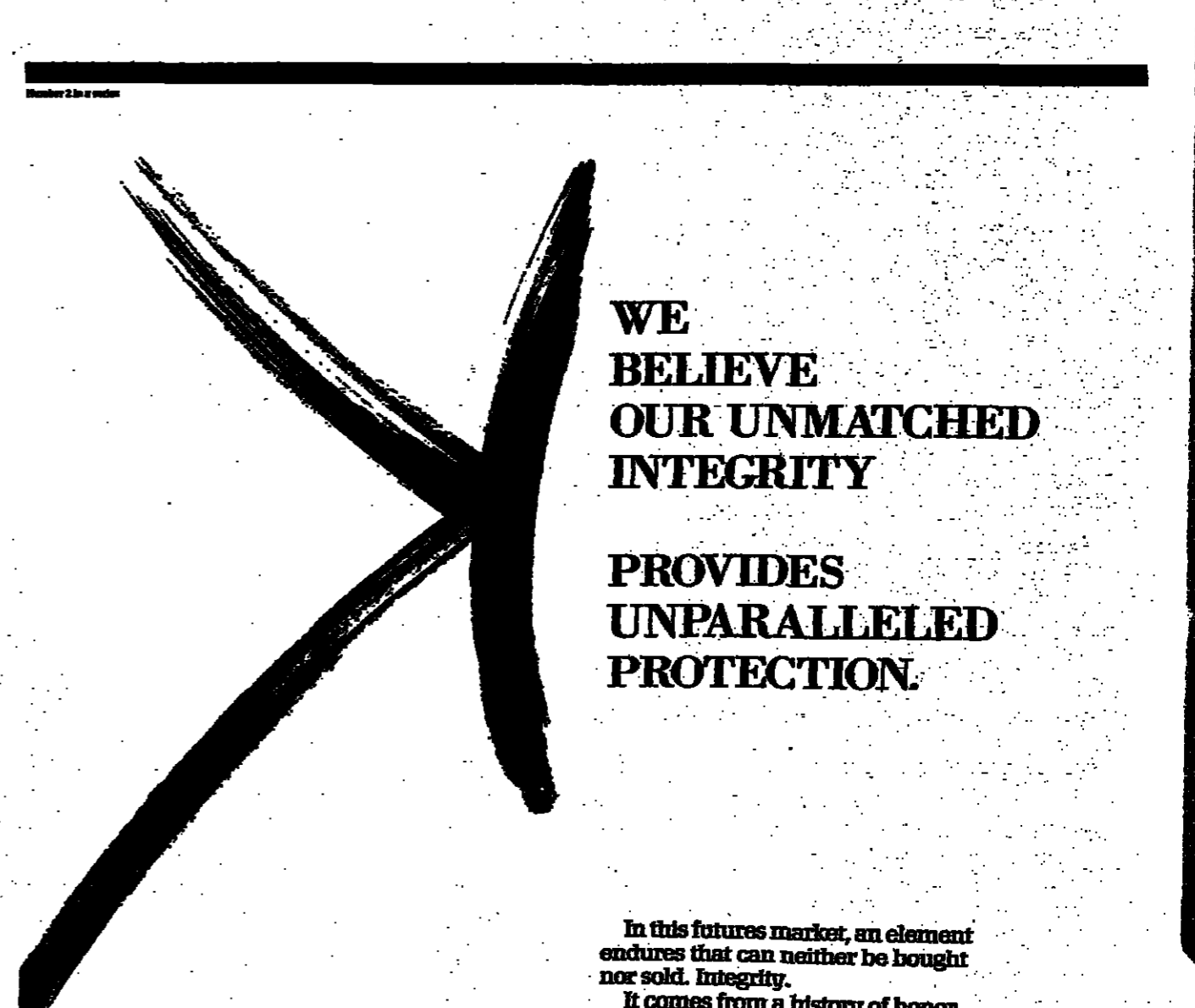
It will advise businesses on East-West trade in a bid to strengthen Eastern Europe's economic ties to the West.

The Bank for Foreign Economic Affairs will hold SF1.5m of the company's SF5m capital.

So will Donau-Bank, a Vienna-based bank jointly owned by the State Bank of the Soviet Union and the Bank for Foreign Economic Affairs. The Landesbank owns 60 per cent of the capital, while IF Industriekredit of Zurich holds the other SF1m stake.



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Lloyds Bank fight
alighting over
qual pay
 Michael Smith

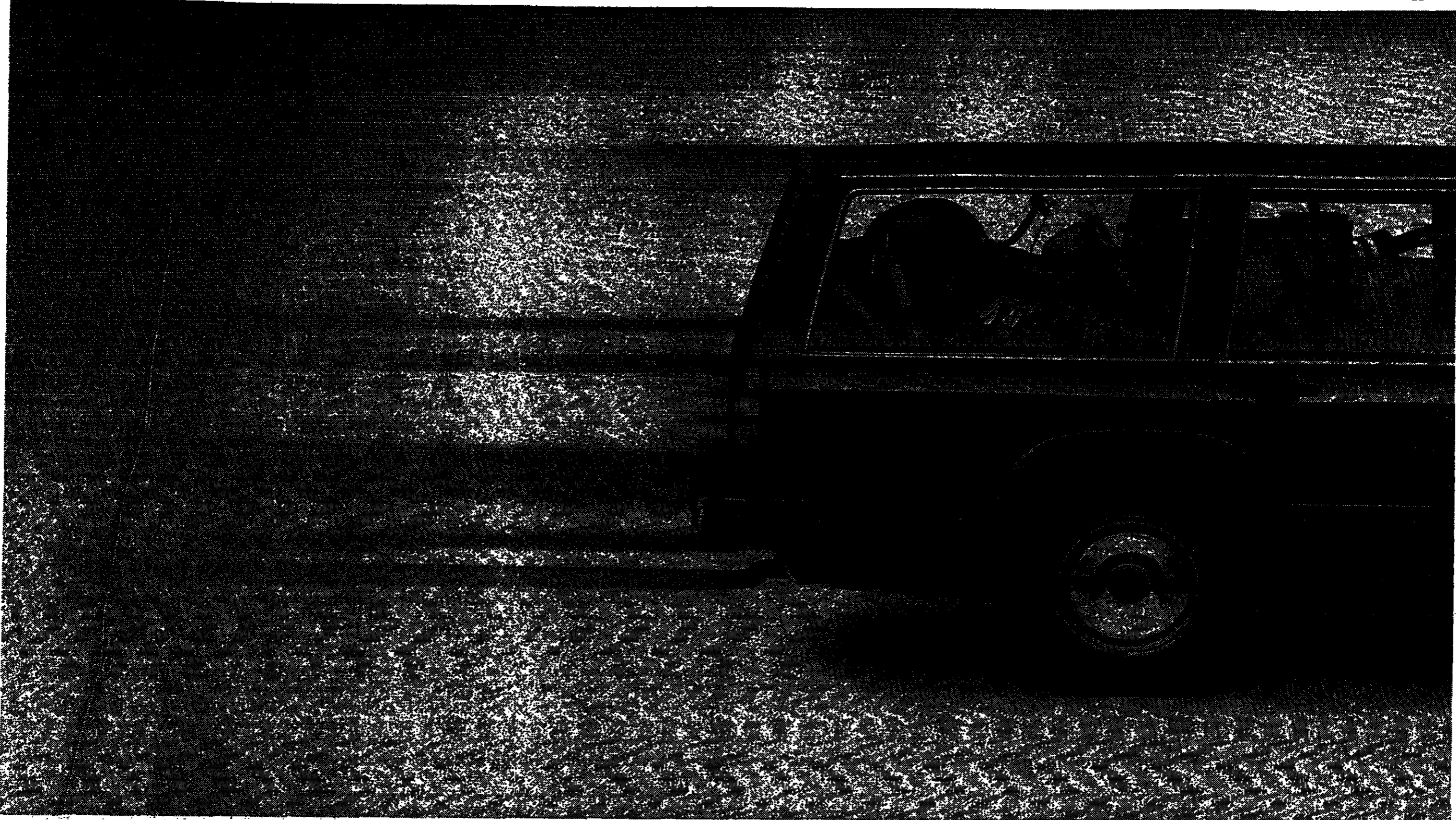
LLOYDS BANK is to challenge the findings of an industrial court which appointed by the High Court in a landmark case which could have serious implications for other banks, it has been reported.

The court's decision, which was made public last week, was that the bank's pay for its clerical staff was too high. The court said that the bank's pay was 10 per cent above the market rate for similar jobs. It also found that the bank's pay was not linked to performance.

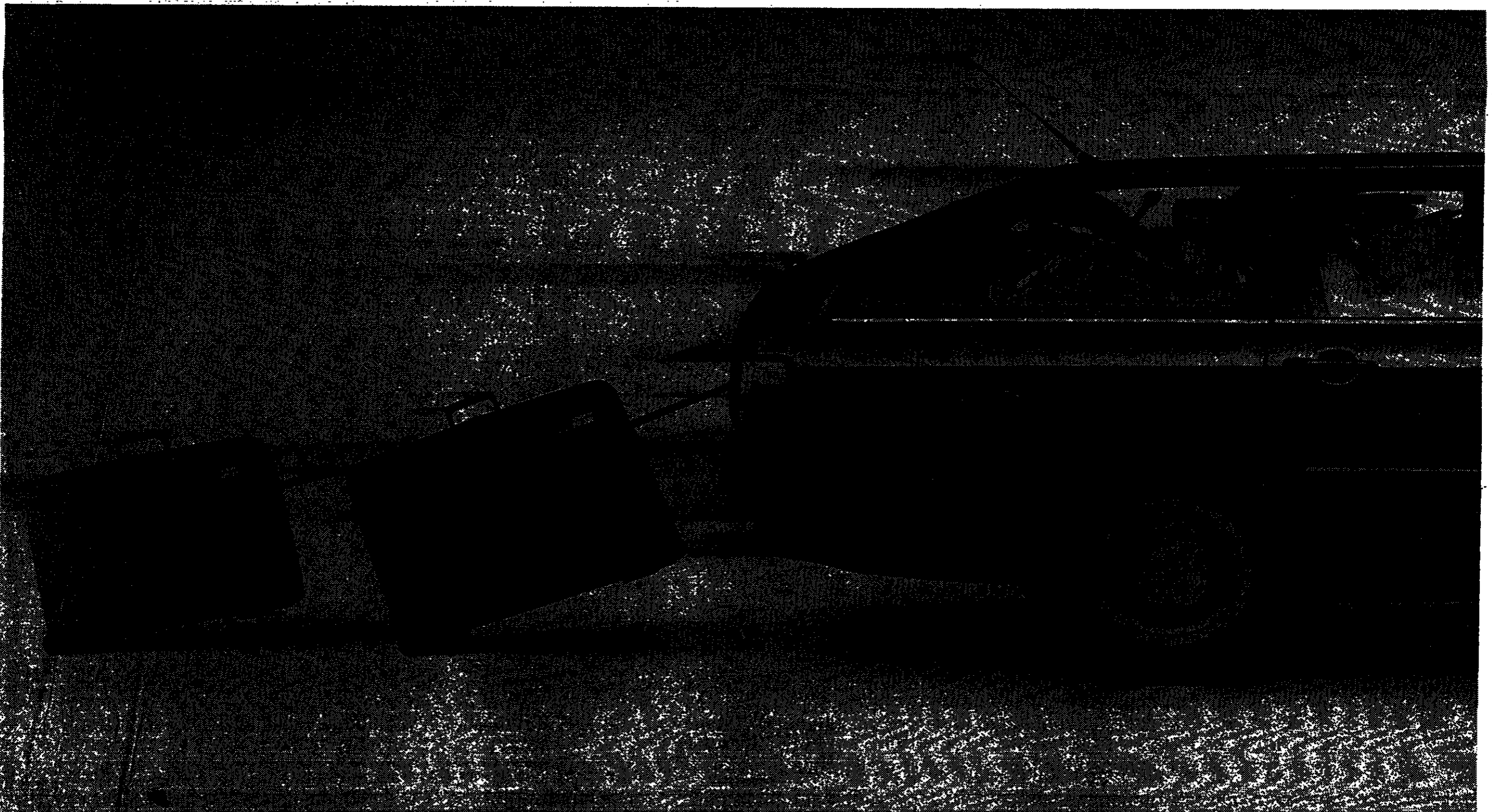
The bank's lawyers are expected to appeal the court's decision. They say that the court's findings are based on flawed evidence and that the bank's pay is justified. They also say that the court's decision would have a serious impact on the bank's ability to attract and retain staff.

The bank's pay is set by a system of job evaluation. The bank says that this system is based on a detailed analysis of the jobs and that it is designed to ensure that the bank's pay is fair and competitive. The bank also says that it has a long history of successful performance and that its pay is a reflection of this.

The court's decision is a significant one for the banking industry. It could lead to a widespread review of pay in other banks and could also lead to a change in the way that pay is set in the industry.



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UK NEWS

Pretty Polly gambles on sheer nostalgia

By Alice Rawsthorn

IN THEIR heyday women sought for them in the streets. But in the mind-skirted years of the swinging 1960s they no longer seemed so seductive. Now, in the late 1980s, the nylon stocking has returned.

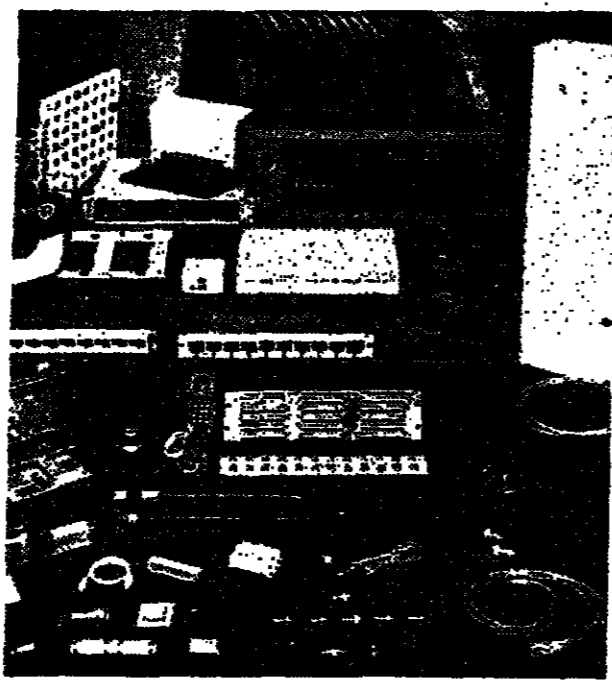
Mr Carothers fell prey to his fear that Du Pont would withdraw its support before his research was finished and committed suicide in 1937. Three weeks later, the nylon patent was filed.

men and two-thirds said nylons. Nylons returned to US shops after the war and the "nylon riots" hit the streets. Macy's, the New York store, sold 50,000 pairs of stockings within six hours.

shows young women of the late 1980s associate "nylons" not with wrinkly ankles and the unwelcome advances of American troops, but with the Hollywood glamour of Lauren Bacall. The marketing managers decided to launch a new range using the name, Pretty Polly Nylons.

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Bidders prepare for schools contract

By David Thomas, Education Correspondent

ABOUT 100 organisations have expressed interest in bidding for a contract to supply a new nationwide system of tests for schoolchildren. The tests potentially represent one of the biggest educational publishing contracts in years.

ing groups, university and educational research bodies and educational publishers. Surprisingly, some large commercial companies with their own training wings have also shown initial interest.

and possibly design and technology, in 1981. The plan is to develop a bank of tests, which will be written, oral, practical and graphic, to assess the seven-year-olds. The tests will be common across the whole country, but schools may choose from within the bank.

Factory prices rise at record rate as material costs drop

By Ralph Atkins, Economics Staff

MANUFACTURERS' prices rose at the fastest annual rate for nearly three years in September, while the cost of fuel and raw materials fell, according to official figures yesterday.

The monthly fall was larger than expected, by most financial analysts in London. This encouraged optimism about the index of manufacturers' prices in coming months.

Clowes report expected this week

By Gave Wolman

THE REPORT into the Government's responsibility for the collapse of the Barlow Clowes investment empire, which has been written by Sir Godfrey Le Quesne, is likely to be presented on Thursday.

The report is expected to be accompanied by a statement from Lord Young, the Trade and Industry Secretary, whose department licensed Barlow Clowes' UK operations. Lord Young, who received the report a month ago, will explain the Government's response.

The Government has yet to decide whether to offer compensation to investors in the £22m UK fund, whose losses in any case are likely to be small or negligible.

Of more critical importance will be whether the Government offers any compensation to the 11,000 investors who paid in more than £100m to the offshore, Gibraltar-based fund. They are in danger of losing up to 50 per cent of their original investment.

A group of Barlow Clowes investors has started to lobby Tory MPs and delegates at the party conference in Brighton this week. Its leaflet blames the Government for negligence in approving the operation.

Mrs Margaret Thatcher, the Prime Minister, has told a Labour MP that there will be no cover-up in investigating the causes of the collapse.

Mr Alf Dubs, the Manchester MP, one of whose constituents Mr Leslie Millard had invested £65,000 with Barlow Clowes, yesterday released the text of a letter sent to him by Mrs Thatcher. In it she says: "I am very much aware of the deeply distressing concern felt by Mr Millard and others who invested in the Barlow Clowes group of companies and that is why I am determined to see that a full inquiry is made."

The Department of Trade and Industry's (DTI) index of output prices rose by 0.4 per cent last month. This passed the annual rate of increase to 5.0 per cent - the highest since December 1985 - compared with less than 4 per cent at the beginning of the year. The rise almost certainly reflected increased profit margins as manufacturers look for advantage of strong economic growth. Upward pressure is likely to have been increased by the lagged effect of fuel and material price rises earlier this year.

Offsetting these factors has been the effect of the strong pound. This has intensified competition from overseas manufacturers, which has helped to reduce prices at a number of companies.

Other figures show the cost of fuel and raw materials bought by the manufacturing industry fell by 0.5 per cent in September. The annual rate of increase was 3.2 per cent, unchanged from August.

The DTI said the decline in material and fuel prices reflected lower prices for metals and petroleum products. After adjustment for normal seasonal variations, the price of materials and fuel purchased by the manufacturing industry fell by 0.5 per cent in September. The index of output prices - excluding fuel, which tends to show less volatile movements - shows the rise in the rate of price increases since the beginning of the year has been modest. In January and February, when prices on this basis were rising at an annual rate of 3.8 per cent, in September this rose to 4.0 per cent.

Bae wins £100m deal to maintain US bombers

By Michael Dimes, Aerospace Correspondent

BRITISH Aerospace has won a further contract from the US Air Force, expected to be worth more than £100m up to late 1993, for the continued refurbishment and maintenance of F-111 fighter-bomber aircraft.

The contract was agreed last week with the US Air Force Logistics Command at Sacramento, California. Bae will carry out the maintenance work at its factory in Filton, near Bristol.

The deal covers a programme including avionics modification and structural fatigue testing of the F-111B and F-111F fleets of aircraft sta-

tioned at the US air force bases at Upper Heyford, Oxfordshire, and Luke, Nevada, Suffolk. More than 150 aircraft are scheduled for the overhaul, between October this year and September, 1993.

The precise number and work content will depend, however, on the evolution of the air force's own maintenance planning, which is updated annually.

For the same reason, the overall value of the contract is not specified but is estimated by Bae at well in excess of \$100m, taking into account the new tasks and other work involved.

Tractor registrations rise

By Joel Kibazo

TRACTOR registrations in the first nine months of this year were up 16.7 per cent on the same period last year according to the Agricultural Engineers Association.

The association said yesterday that the main demand this year had come from the dairy and livestock sectors. Registrations showed the biggest increase in the western part of Britain, with Wales recording an increase of 51 per cent on last year, and the south-west a rise of 34 per cent. The Eastern region was the

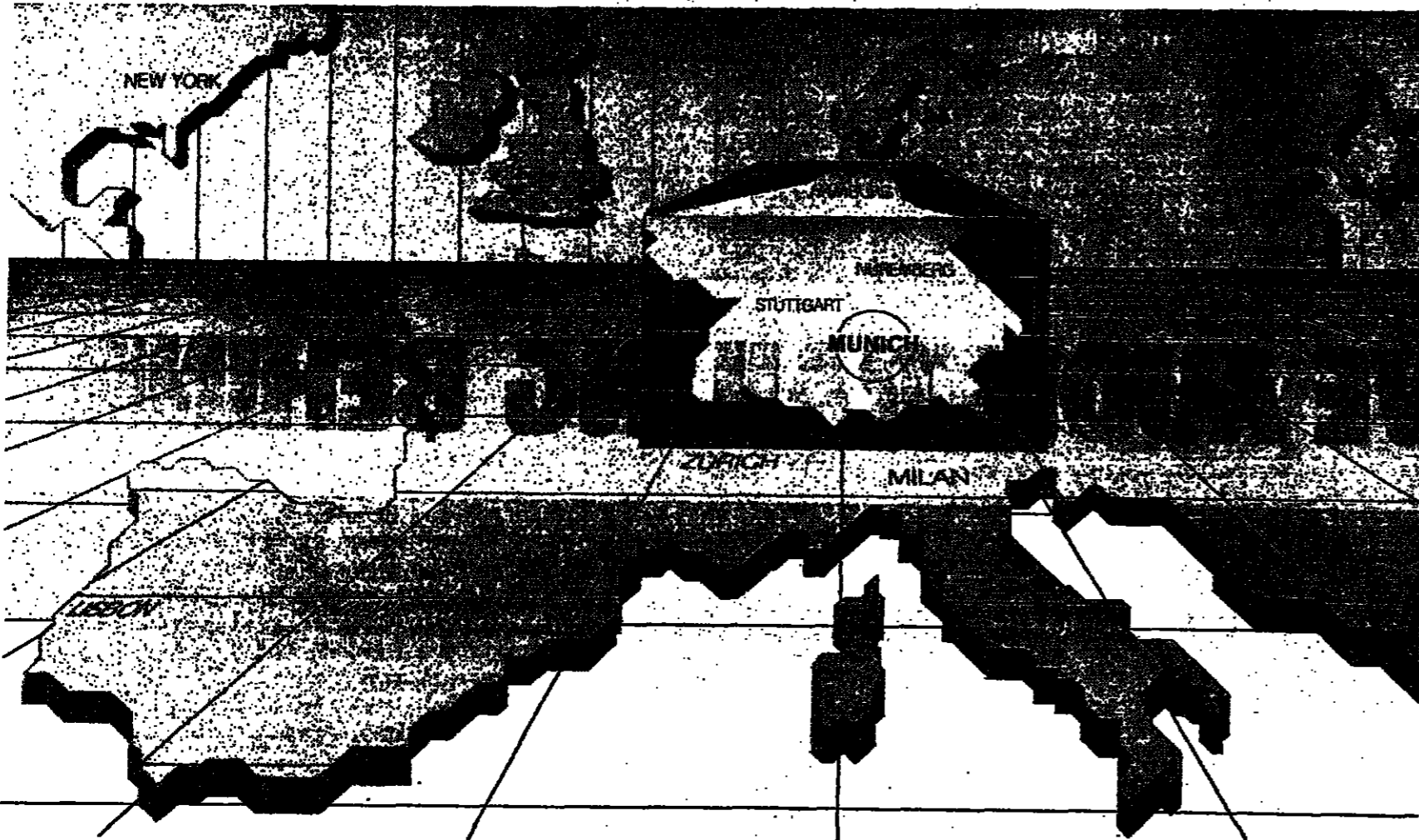
only one to show a decline with a drop of 14.4 per cent. The society says this is a reflection of the poor cereal harvests over the last two years in that area. The society says the underlying demand for tractors is still strong with UK sales likely to exceed 21,000 units this year.

However, figures for the last quarter of the year are not expected to reach the 29 per cent increase achieved in the last quarter of 1987. An annual rise in excess of 10 per cent is expected.

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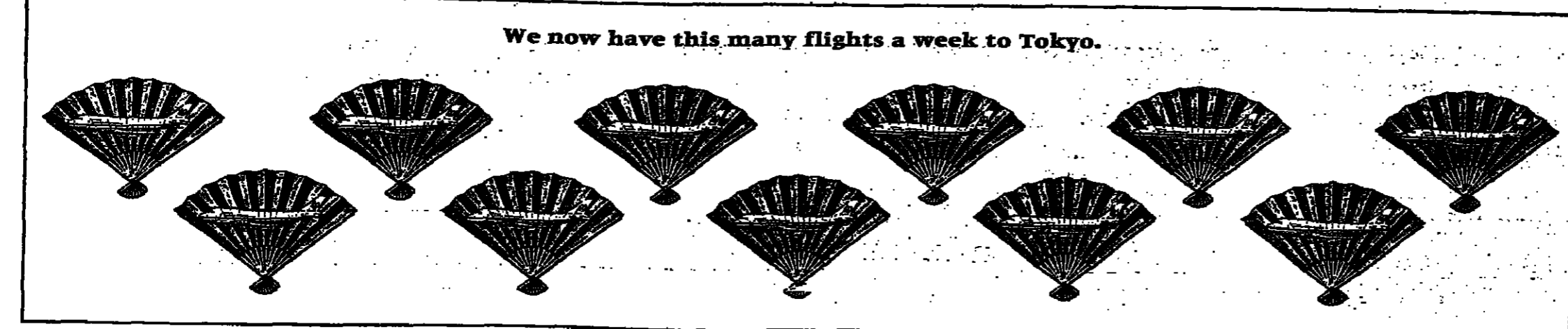
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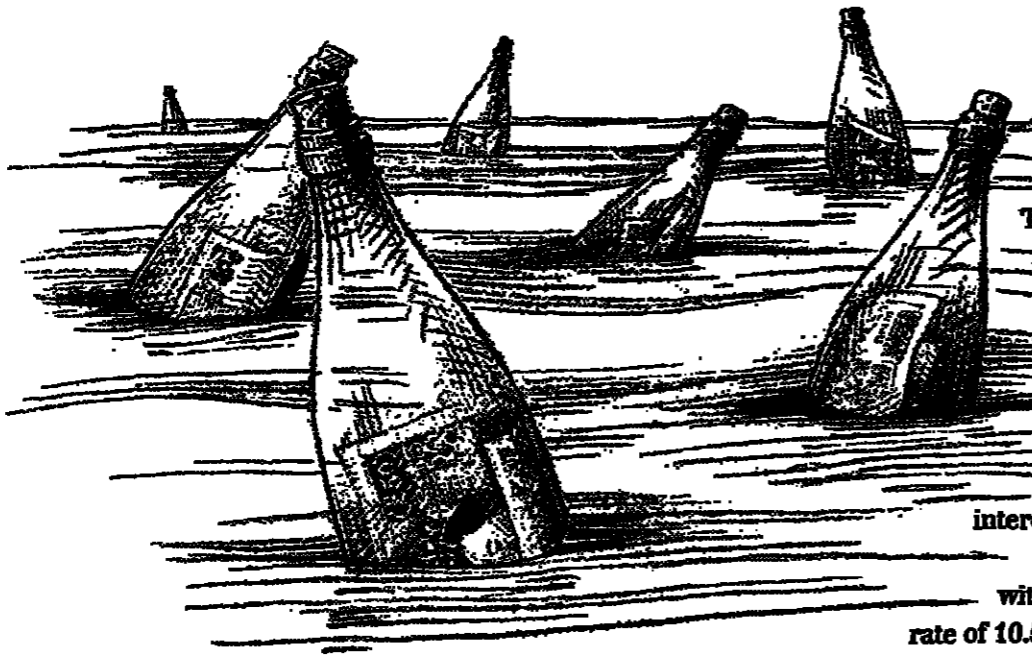
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UK NEWS

Spycatcher trial lawyer attacks 'repressive UK'

By Richard Dookin

MR MALCOLM TURNBULL, the 33-year-old lawyer who defended Mr Peter Wright, the former MI5 officer, when the British Government attempted to prevent the publication of his memoirs in Australia, said yesterday that Britain was becoming a laughing stock in the eyes of the world over its attitudes to freedom of speech.

Mr Turnbull said his appearance in London to publicise the launch of his book, *The Spycatcher Trial*, has not intentionally been arranged in the same week that the Law Lords give their final judgment in the battle to stop newspapers publishing extracts from the Spycatcher memoirs.

He was, however, making his account embarrassing for the Government in the lead-up to the Conservative Party conference in Brighton next week. "The attitude to freedom of speech in this country has hardened to the point where Britain is becoming a laughing stock in the outside world," he said.

Government policy on official secrecy was about "superficial secrecy", claimed Mr Turnbull. The time had come, he said, when Britain needed to fall in with its most important ally, the US, and adopt a policy which allowed former intelligence officers to submit any proposed publications for vetting by their former employers.

He described the forthcoming Official Secrets Act as a "dreadful retrograde step". Instead of being the best of free speech, Britain will become the most repressive democracy in the Western World," he said.

Heinemann, the book's publishers, said any decision to publish Spycatcher in Britain rested on an examination of the Law Lords' definitive decision on Thursday on whether the temporary injunctions preventing the publication of extracts from the book in the Observer, the Guardian and the Sunday Times should be permanent.

The case was taken by the Government to the Law Lords after three Courts of Appeal judges in February unanimously upheld a High Court decision that the injunctions should not be made permanent.

Ms Helen Fraser, publisher at Heinemann's, said: "If the newspapers are allowed to publish their extracts we will take legal advice over whether we could publish here. I expect the judgment to be multi-faceted and it will need some studying first."

Spycatcher has already made Mr Wright a millionaire with an estimated 2m sales worldwide in hardback and paperback. Heinemann estimate that 50,000 hardback and 70,000 paperback copies had made their way into Britain from abroad.

Sir Patrick Mayhew, the Attorney-General, has given a warning that a decision to uphold the previous court decisions could create an "open season" for breaches of confidentiality by members of the security service if the principle that they had a lifelong obligation not to talk about their jobs was upheld. A further 10 authors are planning books about their own or their relatives' experiences in security service work.

Invisible earnings face £1.6bn setback

By Peter Montagnon, World Trade Editor

NET INVISIBLE export earnings by the private sector are likely to fall sharply to around £12m this year from £13.6bn in 1987, Mr Richard Mason, Executive Director of the Invisible Exports Council (IEEC), told its annual meeting yesterday.

Much of the fall would be due to a fresh deterioration in the tourism account, the deficit on which nearly doubled to £1bn last year as more Britons took holidays abroad.

Although the IEEC annual report shows continued modest growth of £54m in net private sector invisible earnings last year, the most significant contribution came from higher investment earnings which increased by £35m to £54m. Net earnings from traded services grew by only £22m to £7.2bn.

Overseas earnings of banks were affected by their large provisions on developing country debt last year, while shipping and aviation also put in worse performances, partly due to exchange rate movements.

These particularly affected sectors in which income was mainly in dollars, but which were converted to sterling to compile the statistics.

The annual report said Britain continued to post the world's largest invisibles surplus. Trade in invisibles accounted for nearly half of Britain's trade and 18.6 per cent of gross national product.

However, Lord Limerick, IEEC chairman, warned against the assumption that invisible earnings could rise continually to balance the deterioration in Britain's visible trade balance.

Illness forces Labour treasury spokesman to the sidelines

By Peter Hiddell and Tom Lynch

MR JOHN SMITH, Labour's treasury spokesman who is often tipped as the potential successor to Mr Neil Kinnock, the party's leader, is unlikely to be well enough to lead Labour's autumn offensive on the Government over the economy after his heart attack on Sunday.

Edinburgh Royal Infirmary said yesterday that Mr Smith was expected to stay in its coronary care unit for 48 hours and to stay in hospital for about a week. Aides at Westminster were predicting that he would not be fully back in action for about a month.

The hospital said his condition was stable. He was expected to make a complete recovery.

His likely absence from the House of Commons comes as Labour is planning an offensive against the Government over the economy, first in a debate shortly after the Commons returns next week and



John Smith, potential successor to Kinnock, then over the autumn economic statement in mid-November.

However, Mr Smith has an able deputy in his close friend, Mr Gordon Brown, the shadow Chief Secretary to the Treasury, who is an impressive per-

former at Westminster and fully on top of the economic portfolio. Mr Brown will probably work in tandem with Mr Bryan Gould, the Shadow Trade and Industry Secretary, on economic and industrial matters.

However, fully he recovers, Mr Smith's illness raises questions over the frequent speculation that he might succeed Mr Neil Kinnock as Labour leader should he step down at any stage.

At 50, Mr Smith would still be young enough after the next general election if Labour should lose again. He is certainly the favourite candidate of many MPs and trade union leaders should a vacancy occur, given his abilities as a Commons performer and his ministerial experience - he and Mr Roy Hattersley, the deputy Labour leader, are the only shadow cabinet members with ministerial experience at cabinet level.

C&C Computers and Communications.

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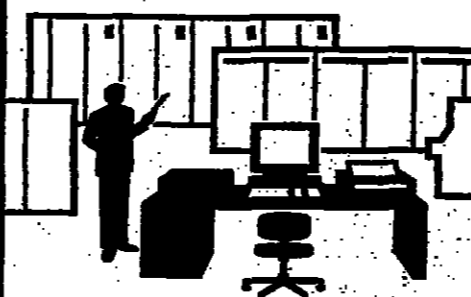
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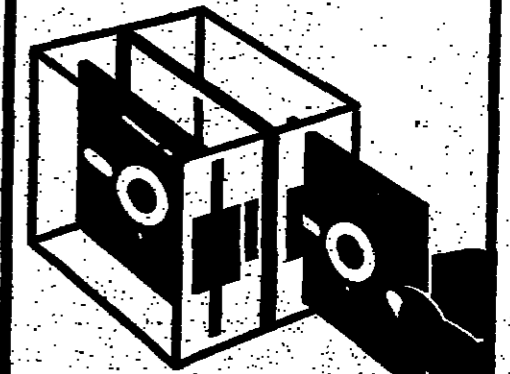
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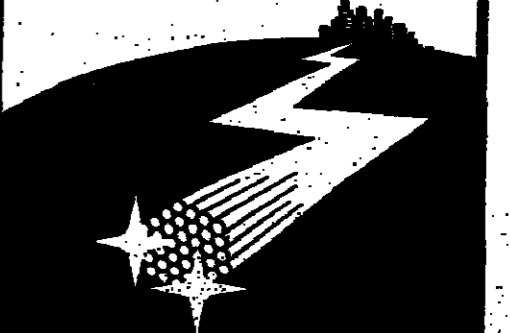
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UK NEWS

Arts outperform cars in overseas earnings

By Peter Montagnon, World Trade Editor

THE ARTS is now contributing more to Britain's overseas earnings than the motor industry, according to an analysis in the British Invisible Exports Council's annual report.

In 1984, the latest year for which figures are available, overseas earnings from the arts amounted to just over \$4bn, some £200m more than earnings from motor vehicles and parts, the report says.

"It makes a case for regarding the arts as a serious integrated export sector in its own right," said Mr John Myerscough of the Policy Studies Institute who compiled the research. The arts sector directly employs almost 600,000 people and the number is rising.

Included in the total are invisible earnings of £3.2bn from sectors such as theatrical performances, films and television sales, broadcasting and services such as valuation, shipping and market-making in works of art.

The largest single item, however, was what Mr Myerscough described as "cultural tourism" which yielded nearly £1.5bn. Mr Myerscough said this figure was hard to calculate, but had been compiled conservatively on the basis of spending by tourists on specific arts events and attractions.

It ignored casual visits by tourists to theatres as well as visits to stately homes and was almost certainly understated. Separately, he said that his

\$599m estimate of earnings from publishing was regarded as too low by the industry itself.

Trade in works of art came into the limelight last year with the sale through Christie's of Van Gogh's painting "Sunflowers" for £24.75m to a Japanese insurance company. In 1984, however, invisible export earnings contributed by marketing services related to the arts trade amounted to £78m.

Other big contributors to overseas earnings from the arts were theatrical performances, films and television material with £459m, and musical performance, publishing, recorded and broadcast material with £554m.

Foresters struggle to repair the ravages of 'The Great Storm'

Bridget Bloom on the battle to replant woodlands

IN A CLEARING by the high-banked lane on the edge of a sandy Surrey escarpment, more than 100 tree-trunks are piled higher than a man.

Behind the logs, the footpath which leads ultimately to the North Downs is open again, even if much of the landscape around it is unrecognisable. The arching canopy of beeches now lies by the roadside while acres of once-prolific woodland are awaiting replanting, maybe this year, probably next.

For Mr John Burgess, owner of some 20 acres of this once heavily-wooded part of Surrey, the shock of the storm, which a year ago this week hurled more than half of his trees to the ground, has passed. Like many owners in the worst-affected counties of Hampshire, Sussex, Surrey and Suffolk, he is determined to replant.

But Mr Burgess's experience over the last year points up the difficulties which have faced hundreds of owners of small amenity woodlands. The Timber Growers' Association of the UK, one of the many bodies now making their anniversary assessment of the great storm, believes these landowners have been worst affected.

Such small, private landowners have neither the resources nor the expertise to cope with the storm's devastation. What they do now and in the next few years could matter far more to the future of many a landscape in the south of England than action by large estates or the Forestry Commission.

A year after the storm, it has been estimated that some 15m trees or 4m cubic metres of timber were blown down. This is equivalent to about 80 per cent of Britain's timber which normally comes from domestic sources, although that is only some 15 per cent of the country's total timber needs.

According to the Tree Council, which last week held a con-

ference to assess the way forward, 70 per cent of the damage occurred to private woodlands with about 20 to 25 per cent on Forestry Commission property and the rest in parks, hedgerows and urban areas.

Although woodland owners lost an average of 20 per cent of their standing trees, Mr Burgess's losses were much higher, partly because his woods are on sandy slopes and caught the full blast of the gales. On October 16 his drive was impassable and the woods a scene of carnage reminiscent of a battlefield. It proved to be, he says, the beginning of months of anger and frustration.

None of the more than 50m in government emergency aid was made available for clearing, or for transporting timber, a point much criticised by the parliamentary select committee on agriculture, to which Mr Burgess gave evidence. In the event - and partly, he believes, because he lobbied anyone he could find - he received £500 from the local council and another £500 from Surrey County Council.

This will go some way towards meeting his estimated £7,000 costs - a sum which could have been much higher. Mr Burgess managed to cut clearance estimates of some £15,000-£20,000 to less than £3,000, because of a chance

encounter with a young timber merchant from Shropshire.

What happened then was in its own way a triumph for market forces: Mr Ronald Lennie reckons his costs were lower, he and his men were prepared to work longer and harder than the Surrey timber merchants who were asked to tender, while his expertise in the market meant he has more than covered his costs.

Mr Peter Wilson, representative of the Timber Growers' Association on the Forest Wind-Blow Action Committee set up after the storm, said the market for top-quality timber has stood up relatively well, prices of second- and third-quality have been reduced by 50 to 60 per cent while there is virtually no market for the large amount of inferior timber that is left.

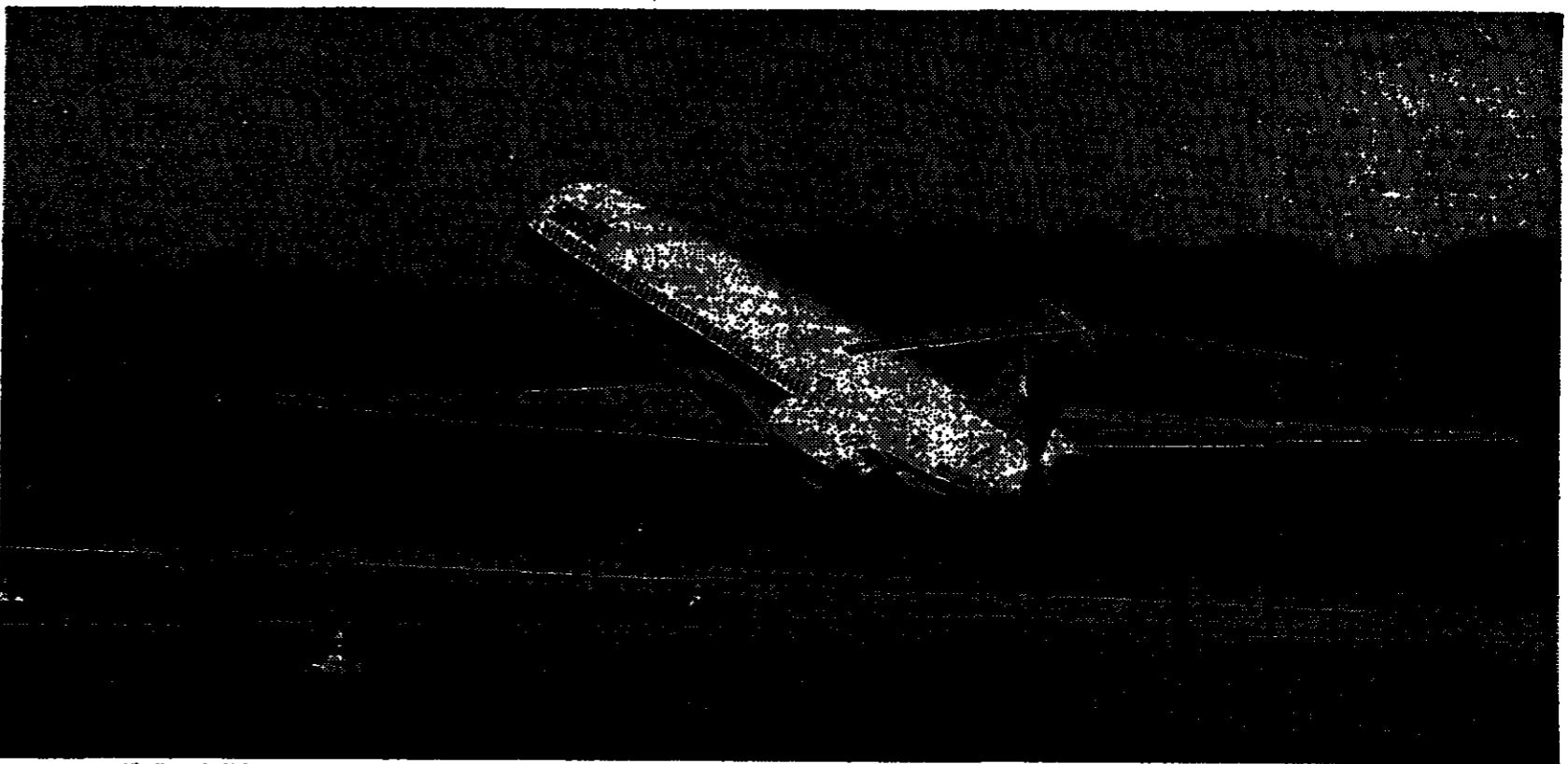
Markets are not likely to improve rapidly. The Forestry Commission reckons that 70 per cent of the broad-leaved timber is still lying where it fell. What of the future? John Burgess is unusual in that virtually all his land is now rough-cleared and with the help of English Woodlands, the forest management company, he is trying to assess what government replanting grants he might get. These have recently been increased and last week the Government said it had applications to re-stock some 2,600 hectares, which could mean 5m trees.

Mr Wilson, however, warns that the Government's refusal to allow maintenance grants could mean that even if trees are replanted, they will succumb to pests or weeds. There are also many other problems, from the now treeless banks to the many remaining trees now so bereft of cover that this winter's storms could bring them down, too.

The ramifications of Britain's worst storm in 200 years will clearly continue to be felt for very many years yet.



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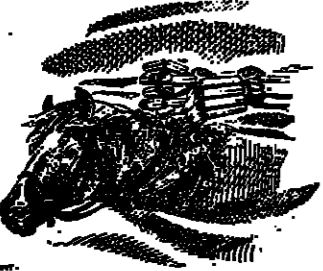
TECHNOLOGY

Robots swing into the saddle

A ROBOT jockey for use in the training of horses, especially those too young to carry a human, has been developed by Tohoku Denshi Sangyo of Japan.

The apparatus consists of a mechanised dummy, strapped to the saddle, which can simulate the actions of a rider. The trainer operates a radio control box, similar to that employed by model car enthusiasts, which has a range of 300 metres using the 40 MHz band. Mechanical functions allow the dummy to pull either of both reins and to operate a whip or spurs. A loudspeaker fitted to the dummy's chest issues verbal instructions.

In a recent demonstration, albeit in a small enclosed area, the horse was seen to follow contentedly the demands of its robotic rider, moving from walk to trot or canter as instructed.



The main body of the dummy is made of aluminium, and is fitted with a compact DC servo motor and rotary solenoid and a 12-volt battery. The prototype apparatus weighs about 30 kg, but future versions weighing 20 kg are eventually only 10 kg are planned.

Tohoku Denshi Sangyo is based in Japan's northern Aomori prefecture. Sales of the robot jockey will begin from spring 1989, with an initial unit price of about ¥1m (£4,400). The company says that it will be cheaper than hiring a professional rider.

Akio Saeki, company president, says that the mechanical jockey has prompted great interest in Japanese horse training circles, but he discourages speculation about any forthcoming "robot derby".

Roy Garner

If the UK implements an electronic tagging system for offenders, it will be the first time outside North America that criminals will have been monitored in their homes.

The system gives courts the alternative of confining offenders to their homes during curfew hours, instead of sending them to prison. Marconi Electronic Devices (Med) has announced that the Home Office has bought both hardware and software for the "house arrest" system. With the help of the UK probation service, the equipment will be adapted prior to a pilot scheme involving offenders or remand prisoners.

Douglas Hurd, the British Home Secretary, is expected to give details of the scheme in a speech to the Conservative Party conference at Brighton tomorrow.

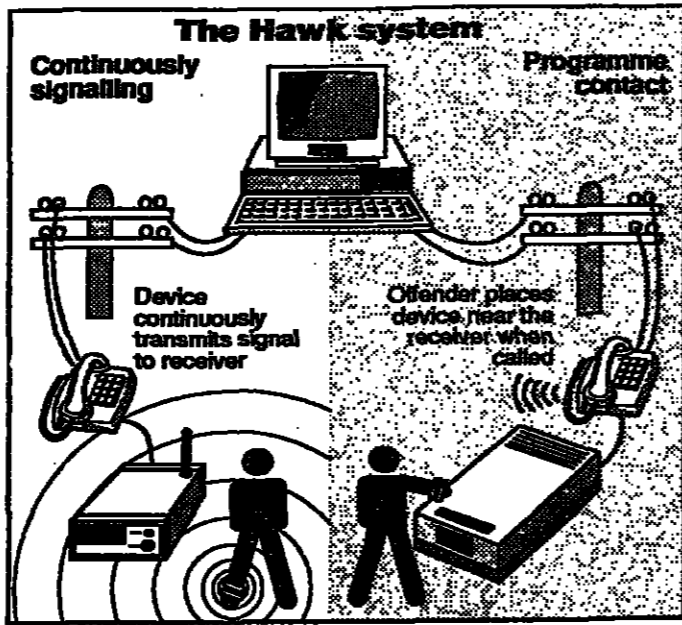
The use of electronic monitoring programmes is growing rapidly in the US as an alternative to prison. Home curfew schemes exist in 32 states and monitor between 5,500 and 6,500 offenders.

"There are more than 606,000 federal and state prisoners in the US and we have serious prison overcrowding," says McKinley Edwards, executive vice president of operations at Colorado-based BI Incorporated, one of the leading suppliers of monitoring equipment. "What's more, courts are getting tougher on crime. It's a problem that won't go away and home arrest schemes seem to be the answer."

The chances of such systems being introduced in the UK have been increased by recent technological developments. Bob Thomas, technical director at Corrections Services Incorporated (CSI), of Florida, which also supplies home arrest systems, says that there used to be serious quality control problems. Much of the equipment was based on burglar alarms and was therefore too big and not reliable enough.

"There has been a major technological breakthrough this year," says Robert Lilly, professor of sociology and law at Northern Kentucky University. A dramatic shift in the quality of the equipment "should allow in-house arrest schemes to become more widespread."

The main drive for these improvements has come from Swindon-based Med, part of the GEC group, which has teamed up with CSI to create a electronic monitoring system called Hawk. Med has managed to transfer technology from other security areas, for example the thin film method



A method of punishment in the home

Paul Abrahams examines the latest electronic tagging techniques

of layering chips which enables a device to be miniaturised. The Hawk system uses two ways of monitoring offenders: programme contact and continuously signalling equipment.

Programme contact consists of three elements, a wrist-watch style device strapped to the offender's arm, leg or torso, a receiver positioned in his or her home and a personal computer (PC) at the probation office.

In the programme contact system, the PC generates random telephone calls during the curfew period to the home of the person being monitored. When the offender picks up the telephone he hears a recorded message asking him to confirm his presence. He is then obliged to pass the bracelet within half an inch of the Hawk receiver.

The receiver energises the circuitry in the bracelet - this means it does not need batteries. A coded radio signal is sent back to the receiver which digitally transmits it to the office via the telephone line. The process takes less than a

second. Kevin Swann, marketing manager at Med, explains that the Hawk wrist device overcomes many of the problems of previous systems. The bracelet weighs only 16 grams and is smaller, lighter and less obtrusive than previous systems.

It is also more reliable, he says, as it contains none of the batteries or moving parts which tended to give false alarms in earlier systems. The unit is sonically sealed and water resistant.

The continuously signalling method involves a similar bracelet containing a rechargeable battery, which sends out a regular signal. This signal is picked up by a receiver with a range of about 60 metres.

If the offender leaves the range of the receiver during the curfew hours, the unit sends a message to the computer which logs the infringement.

Med says that it has overcome the reliability problems of earlier continuous systems. The company has designed a unit which recharges the bat-

tary within the wrist device without opening it up. Earlier machines with throwaway batteries had a tendency to leak.

Edward Fine, a circuit court judge in Florida, which has one of the largest programmes in the US, says that there are also financial reasons why electronic tagging may become more common. He points out that house arrest is much cheaper than prison. It costs about \$5 (£3) a day to monitor somebody at home compared with at least \$50 a day to keep him in prison.

"The schemes also appear to benefit offenders and are surprisingly effective at helping them not to re-offend. Juveniles are not being sent to prison to be inducted into the criminal hierarchy."

"Such schemes also help us to avoid letting people out of prison early because of overcrowding when they shouldn't be on the streets," he adds. Robert Lilly, at the Northern Kentucky University, says that a number of studies show that 20 per cent fewer offenders put under house arrest re-offend within a control period than is the case with people imprisoned.

Bob Thomas at CSI says that the success of early schemes with less serious offenders has led to their expansion to include more serious offenders. In Utah, electronic bracelets are being used to monitor sex offenders.

Cynthia Buckwalter, associate at Whale Securities in New York believes that the market in the US could eventually be worth more than \$1bn. Unit sales there have tripled every year for the last three years and she estimates that this year the market will amount to \$10m.

Authorities in Australia, Sweden, Denmark, the Netherlands, India and Thailand have expressed interest. A pilot scheme is running in British Columbia.

But there are still worries about the implications for civil liberties of such surveillance methods. This is particularly so of a technique which involves adding microphones to the devices.

Alvin J. Bernstein, executive director of the National Prison Project at the American Civil Liberties Union, says: "The danger is that such schemes don't decrease the numbers in prison."

"In Florida the authorities admit that about 30 per cent of those being electronically monitored would otherwise have been released on probation. There is little effect on the prison population and the net of social control is widened."

Weaving a circuit board

IT MIGHT seem absurd to revert to stringing wires between electronic components as engineers did in the 1950s. But by using computerised production techniques, costs can compare well with conventional multi-layer printed circuit boards (PCBs) for short production runs.

Design changes can be put into production by reprogramming, eliminating expensive photographic artwork for each layer.

Circuits can be made with good thermal stability and high component packaging densities. There is also good control over the way the signals will flow over the wires on the finished board. Kollmorgen Corporation in the US and its UK agent, MW Circuits of Aldershot, have pioneered this "woven" circuit process and it has been used, for example, in the Harrier engine controls made by Smith's Industries.

The latest MW product, Microwire, is aimed at modern "surface mounting" boards where components are soldered directly to the top board surface. In conventional boards, the components' connection legs are pushed through holes to be soldered on the other side.

Microwire uses a high precision wire-laying machine, driven from circuit design data held in a computer. The wiring head moves rapidly over the board, feeding out and anchoring the wire ultra-sonically to a base plate.

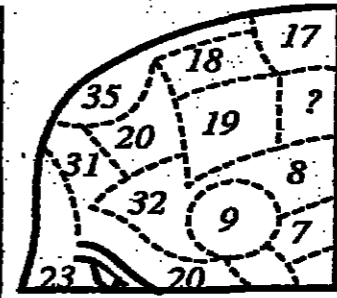
The wire, finer than human hair, has an insulating coat, so that many layers can be laid on top of each other. The whole surface is encapsulated to give a flat finish.

Next, a fine laser beam blasts tiny holes at each anchor point and these are metallised by a special process to give connections to any of the layers.

Finally, metallised pads, to which the components' connection pads can be soldered, are added to the upper surface.

A preview of the portrait

PROFESSIONAL portrait photography might take on a new lease of life with a product from Kodak which allows the artist to see what the camera sees, just before exposure takes place.



WORTH WATCHING

Edited by Geoffrey Charlish

Sitter and photographer are thus able to experiment with profile angle, camera distance, lighting, facial expression and so on, because both can see the image on a 13-inch colour TV monitor.

Each time the photographer takes a shot, an identical image is captured by an electronic camera and stored on a two-inch magnetic disc. The system, called Prism, directs the light from the lens on to film and still video imaging surface at the same time, using a beam splitting device. A wide variety of cameras and lenses can be accommodated.

Photographers will be able to install another monitor in a sales area outside the studio. There, the sitter can review the shots and, Kodak believes, will be encouraged to order prints on the spot.

Raymond DeMoulin, general manager of Eastman Kodak's professional photography division, thinks Prism "will change the way many portrait photographers do business. It's the immediate answer for today's customer who expects convenience and service."

Reading machine for the blind

BY PUTTING together text recognition and speech synthesis techniques, the US company Kurzweil is able to offer a reading machine to the blind and visually impaired.

It can scan almost any typed or typewritten material, bound or in single sheets, and convert it into speech for headphones listening at 120 to 350 words a minute. There is even a choice of voices. Kurzweil is mainly

concerned with commercial text reading equipment that will feed documents into the electronic stores of computers, obviating re-typing.

The new system should enable the blind to "read" such documents into other systems (personal computers, for example) and hear them at the same time. This should create opportunities for blind people in clerical, professional and managerial fields.

Called Personal Reader, the machine is a considerable software achievement in that most typesetters can be dealt with and then fed to the DECtalk speech synthesiser made by Digital Equipment.

In the least expensive (£7,500) version, the user moves a hand-held "mouse" across each line of type. A magnetic tracking unit makes sure that the mouse moves in a straight line. With an automatic page reader, the price is £10,000.

The system will even spell out words and announce punctuation. A complete set of equipment with the hand-held scanner weighs less than 20lb and is available in the UK from Sight and Sound Technology of Northampton.

Filter for a heavy metal

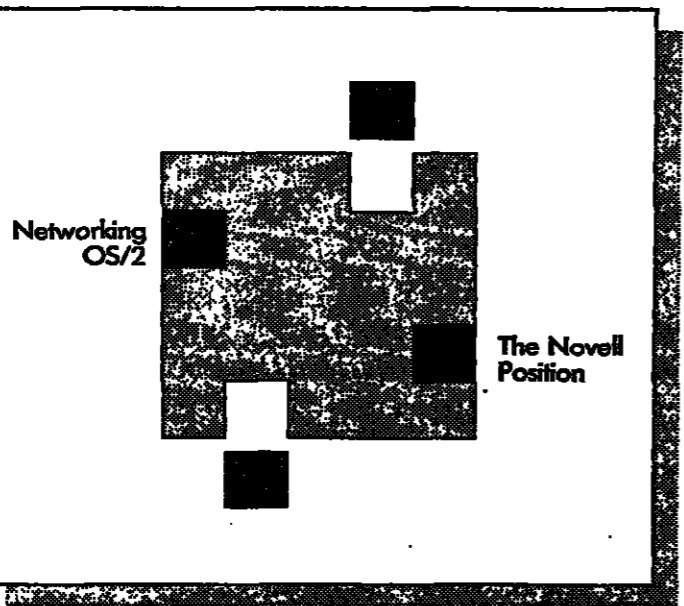
MERCURY can be removed from plant exhaust gases and kept out of the atmosphere by using a new type of filter from Boliden Contact of Skelleftehamn in Sweden. Mercury, one of the heavy metals, can have long term toxic effects on humans.

Applications for the unit, which is called Selenfilter, range from metal refining to municipal waste incineration plants.

The filter is based on the strong affinity that mercury has for the element selenium, resulting in the formation of mercury selenide.

The unit consists of a cylindrical shell containing a porous, granular silica impregnated with selenium. This large, active surface of selenium is converted to the selenide quite slowly, says the company. During this time, its condition can be logged with a conventional instrument.

CONTACTS: MW Circuits UK, 0252 354141. Kodak UK office, 0442 61122. Sight and Sound Technology UK, 0264 557001. Boliden Contact, Sweden, 910 7300.

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A preposterous suggestion, you may say. Quite ludicrous. But before you dismiss it as pure fiction, consider the following facts.

The rate of information growth is doubling every five years. Currently, 6000 new scientific articles are published every week.

An explosion of facts and figures shattering the dreams of anyone hoping to become a Jack-of-all-trades. Indeed, being the master of just one is now a race where the finishing line keeps moving.

Skills and knowledge that may have taken years to acquire can be out of date almost overnight.

Think of the ship designers in the north-east who have had to turn their hand to designing oil rigs.

The plant breeders who have had their world turned upside down by the advent of genetic engineering.

The textile designers who have had their crayons replaced by computer keys.

Formal qualifications on their C.V.'s, though important, would have given little indication of their capacity to accept and adapt to change.

WILL TODAY'S GRADUATE BE WEARING A DIFFERENT HAT IN THREE YEARS' TIME?

Of course, if we expect people to have a more flexible, adaptable outlook on work, we must also expect the same of their employers.

So companies must be prepared to do more than just give time off for occasional conferences. They must also allow time off to attend business schools and retraining courses. And maybe more.

Some companies do already. But should we follow the example of countries like Sweden where mid-career breaks of several years are not uncommon? In fact, is it time we reappraised our attitude towards career patterns entirely?

Traditionally, the long serving employee has been held up as the shining example. And, of course, many years of experience in a company can be invaluable.

But in today's fast changing world perhaps we should look more favourably on frequent job changes and regard them as the need to face fresh challenges.

That, in itself, is a challenge that business may soon have to face.

Indeed, in our view, training, or lack of it, is very often at the root of many companies' staffing difficulties.

Yet, sadly some firms still see training as a side issue when compared with, say, providing plant and finance.

According to the latest (1985) MSC figures, the average company spends a mere 0.15% of its turnover on training.

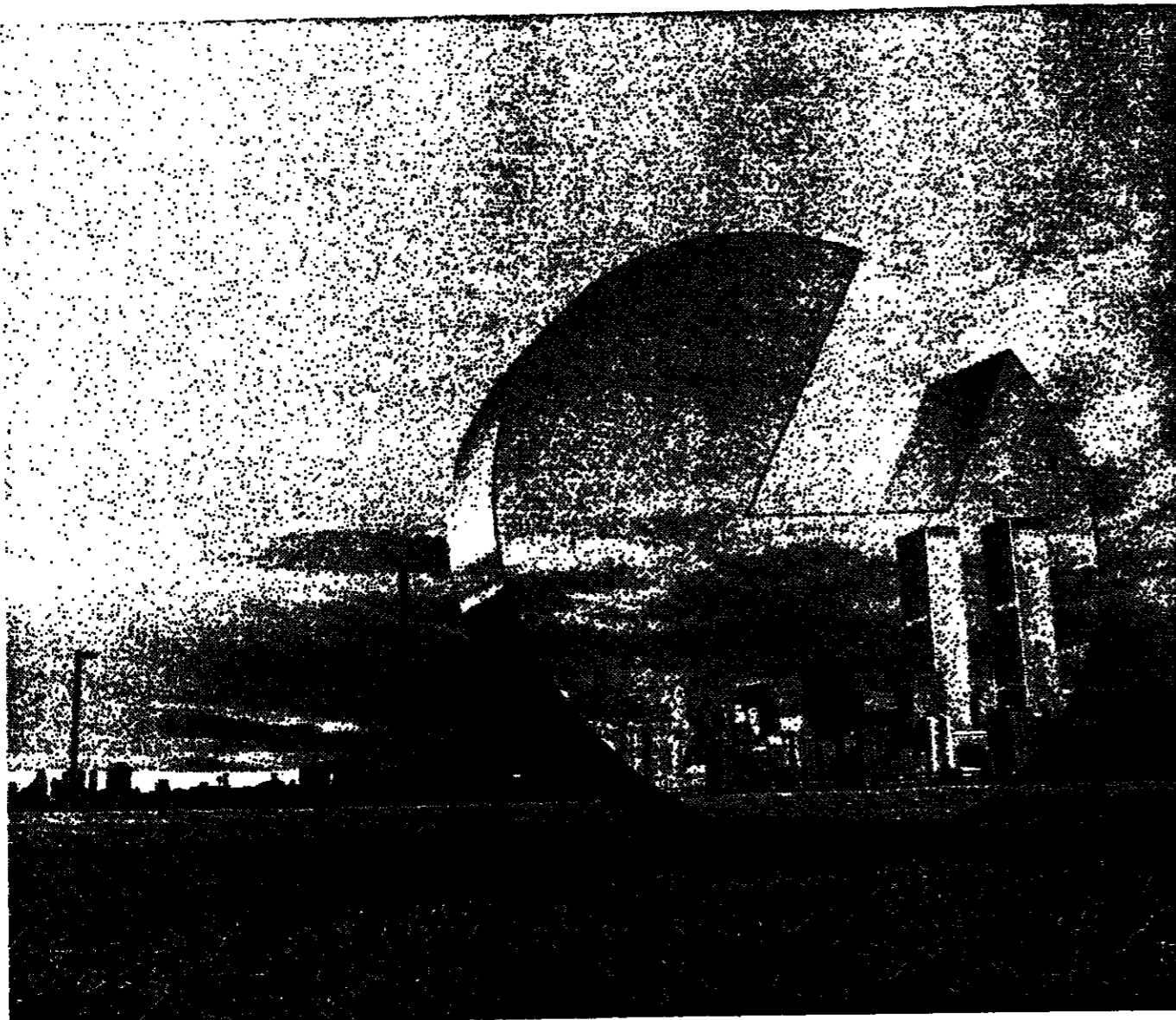
As for ourselves, this year training will cost us some 10% of our income. It's a sizeable sum. But it's one we would not spend unless we knew it would repay us fully in the years to come.

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BUSINESS LAW

Polishing Drexel Burnham's toe-nails

By Leo Herzel



Manhattan, view from New Jersey

By a large margin, the most important recent legal event in America is the Securities and Exchange Commission's civil complaint against Drexel Burnham Lambert, Inc. Michael Milken, Drexel's genius of junk bonds, three Drexel employees, and Victor Posner and his son are individual defendants. The case and the criminal indictment that is expected to follow soon will have many important direct and indirect effects on the securities industry and on several large law firms in New York and Washington.

The complaint is 184 pages long, with a multitude of causes of action, and is often numbingly prolix. Elegance in drafting has been sacrificed in favour of safety. Considering the very expensive and aggressive defences that are being prepared by the defendants, the SEC's decision is not hard to understand. The SEC is also very conscious of its educational function. To be plain, it wants to scare Wall Street and a long complaint with many causes of action and lots of detail helps to get that message across.

The main grievances are failures to make legally required filings to disclose beneficial ownership of securities, trading on insider information, conflicts of interest with customers and stock manipulations. In many instances, causes of action are multiplied by permutations of the defendants in the same transaction. Most, but not all, of the allegations involve transactions with Ivan Boesky. It is quite clear that a ferocious attack on his credibility will be a key factor in the defences.

The most puzzling aspect of the SEC complaint is that it was filed before the inevitable criminal indictment. Since the two proceedings will have to be co-ordinated, the likely result is that the SEC's civil proceeding will be stayed while the criminal case proceeds. The explanation for the SEC jumping ahead with its complaint is probably that it concluded that any more delay would strain its credibility and impair its regulatory and educational function.

Drexel's chief executive officer, Frederick H. Joseph, is not an individual defendant in the case. He has a lot at stake in the case personally, but only

derivatively through Drexel. Joseph was a champion boxer at Harvard College. A fighter, and born without a silver spoon, he clearly has the right temperament for litigation. Whether litigating rather than settling will be the best strategy for Drexel remains to be seen.

How bad are Drexel Burnham's troubles? The firm seems to be quite perky and combative. Money from the junk bond business still appears to be pouring in. The key problem for Drexel is a practical one that does not require a deep legal analysis for an answer. Drexel is litigating with the regulatory agency upon whom its existence depends. The SEC licenses broker-dealers, which is what Drexel and other investment bankers are. As a result, the SEC has the power to suspend or revoke the right of Drexel or any of its partners or employees to remain in the securities business. For these practical reasons, the situation for Drexel is unstable and there are pressures on it to settle. But any settlement acceptable to the SEC would probably require big changes at the firm, including changes in top management.

The defendants are being represented by the cream of the white-collar crime bar. Many of these lawyers have had experience as federal prosecutors before going into private practice.

Drexel is being represented by Irwin Schneiderman and Thomas F. Carlin, both of Cahill, Gordon & Reindel (a New York firm of 238 lawyers, 84 of them partners) and Peter E. Fleming, Jr. of Curtis, Mallet-Prevost, Colt & Mosie (a New York firm of 76 lawyers, 29 of them partners). Michael Milken is being represented by Arthur L. Liman, the Senate's chief counsel in the Iran-Contra hearings and Martin Fintzbaum, both of Paul, Weiss, Finkbeiner, Wharton & Garrison (a New York firm of 316 lawyers, 84 of them partners). Victor Posner is being represented by Vincent J. Fuller of Williams & Connolly (a Washington firm of 98 lawyers, 44 of them partners). Williams & Connolly, which specialises in litigation, supplied Brendan V. Sullivan, Jr. Colonel Oliver North's truculent lawyer in the

Iran-Contra hearings. Large law firms are required for the defence because of the tremendous amount of discovery and paperwork that will be involved in the SEC and criminal cases and the large number of related class actions and other private lawsuits.

However, only a few large law firms are capable of doing white-collar crime work. The training of lawyers who litigate at large firms does not usually include much courtroom trial work. The emphasis is on interminable discovery and pre-trial motions followed by settlement. Moreover, large law firms (and their clients) have had a snobbish bias against criminal work that is only just beginning to break down.

The benefits to the firms and the partners in charge of the cases are the obvious ones of highly valuable experience, publicity, glamour and large fees. The disadvantages are less obvious but also very important. For example, except for Williams & Connolly, these firms have conventional corporate and securities practices, in addition to litigation. How will the unavoidable fierce confrontations with the SEC affect their regular securities practices with the SEC for other clients?

The young lawyers who will work on the cases at these firms will have special career problems that add to the existing difficulty of becoming a

partner. Since no expense will be spared in these cases, the result will be lawyers spending large amounts of time on the organisation of evidence and discovery, and on legal points that will have little importance for their subsequent careers. They will be polishing the elephant's toe-nails.

Increasing use of paraprofessionals and sophisticated data processing systems will reduce some of the organisational burden for these young lawyers. It is reported, for example, that Drexel Burnham has paid Arthur Andersen \$46m for developing a system that organises the 1.6m pages of documents requested by the US Government.

Because the work may be a dead end for young lawyers, the firms will probably have to hire some of them specially for the cases — for reasons of morale. Special bonuses will also probably have to be paid to them as inducements to begin and to stay on. This, for example, is what Cravath, Swaine & Moore did several years ago when it was defending IBM in the large anti-trust case brought by the Department of Justice to break it up. When the case ends, most of these young lawyers will be out of a job with only their law degrees and some very transaction-specific experience to sell.

The author is a partner in the Chicago law firm of Mayer Brown & Platt.

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER



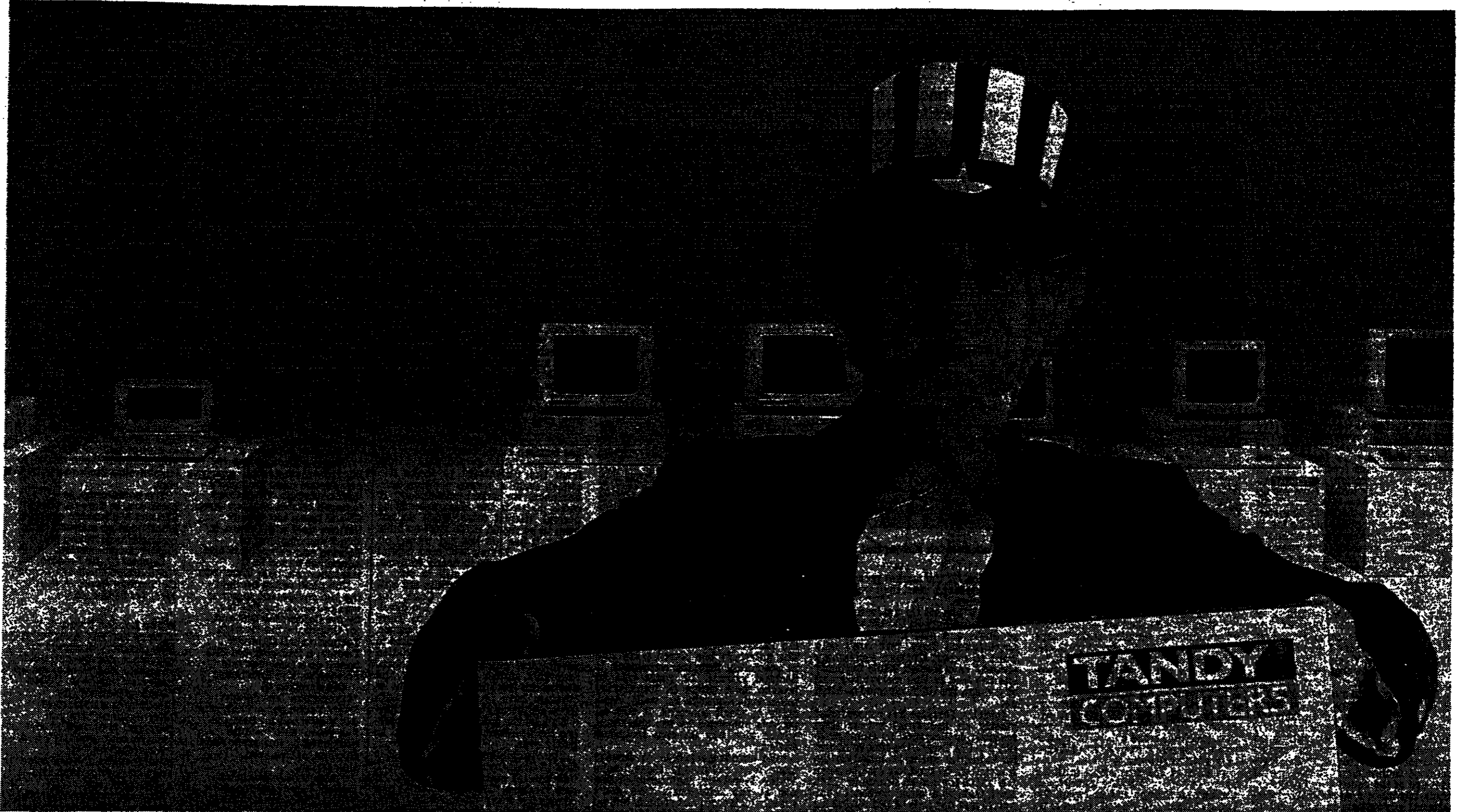
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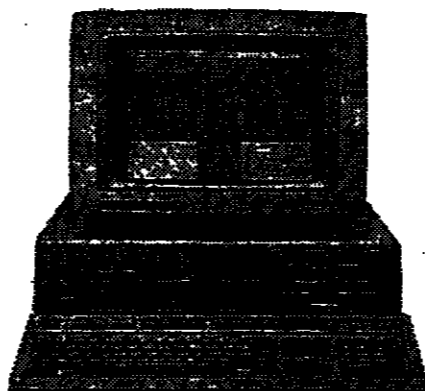
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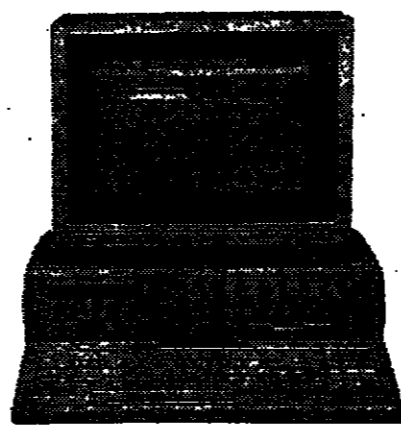
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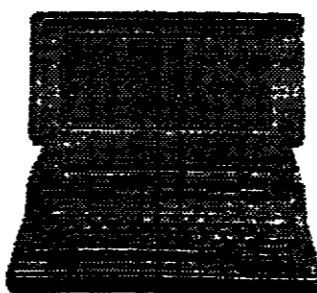
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ACCOUNTANCY The Financial Times proposes to publish this survey on 18th November 1988. For a full editorial synopsis and advertisement details please contact: Jacqueline Keegan on 01-248-9000 ext 3740.

ARTS

Fischer-Dieskau - William Packer reports on '100 years of British Art' in Leeds

Elizabeth Hall. On Sunday District Fischer-Dieskau devoted his...

Painters put in perspective

The idea of celebrating a gallery's centenary by showing a work of art for each of its years is so stout...

revisionism has, by degrees, been creeping in. Victorian and Edwardian genre or social observation are no longer an embarrassment...

of Burne-Jones for the 1890s, where any of the Glasgow Boys for the 1900s? Scotland in fact is badly served throughout...

still as funds allow. Manchester, Liverpool, Bristol, Birmingham, Newcastle, Cardiff and the rest all have such galleries...

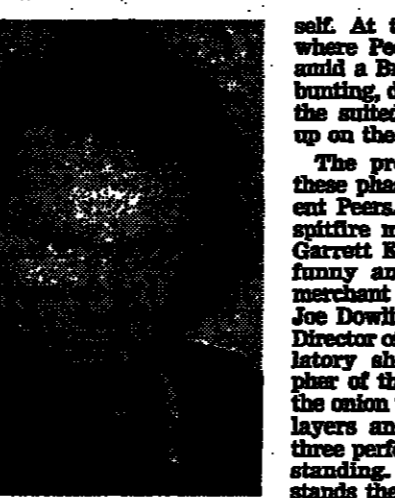


'A Game of Patience,' 1937, by Meredith Frampton

Peer Gynt

GATE THEATRE, DUBLIN

This year's Dublin Festival is certainly one to remember, and chiefly for the magnificent double contribution of Frank McGuinness...



Barry Lynch as Peer Gynt

self. At the peasant wedding where Peer abducts the bride and a Breughellesque swirl of bumping, dancing and drinking...

Maxwell Davies Trumpet Concerto

FESTIVAL HALL

Peter Maxwell Davies's most recent concerto was written on commission for the Philharmonic Orchestra and specifically for its first trumpeter, John Wallace...

minute single movement leaves in the mind. The composer's programme note told us that it is part of his advance working-out of ideas for an opera on the subject of St Francis of Assisi...

programme note also made clear that this St Francis had somehow been released away from Umbria in the Orkney 'sweepstake wilderness' that is the composer's home...

Bournemouth Symphony Orchestra

FESTIVAL HALL

The Bournemouth Symphony Orchestra has a new Principal Conductor and its programme at the Festival Hall on Saturday was largely designed to show him off to the London public...

new music from his native America we shall have to wait and see, but the first British performance of John Adams's 'Short Ride in a Fast Machine' announced his arrival here in a flamboyant fashion...

orchestral climaxes; but, some excessive showmanship apart, he makes an authoritative director for big orchestral works like this.

The central item on the programme was Brahms's Violin Concerto; Salvatore Accardo gave a technically more secure account of the solo part than the last time I heard him in this piece...

attack. Though the lowest notes in Osmiin's cruel range are mostly promissory so far, his manner has enough fierce conviction to make them pass.

Yvonne Barclay is his willowy Blondchen, a trifle too languid to capture that lady's spiffy side, but vocally well in control of her music.

ARTS GUIDE

Opera and Ballet London Royal Opera, Covent Garden. The new production of Wagner's Rheingold is by Yuri Lyubimov...

Alain Lombard/Alain Guingal returns to the Palais Garnier after an absence of 15 years, with Neil Sidiqi/Taro Iohjima, Alain Fondary/Mangogretra and Alida Ferrer/Christine Barthez.

conducted by Pinchas Steinberg with Gabriele Lechner, Stefania Toczyska, Girolamo Camella. Boris Godunov conducted by Mark Baker with Ludmila Semshenkova, Rolando Velasco, Noriko Sasaki, Hatus Zednik, Maria Stuarda by Donizetti...

Theatre of New York. An acrobatic dance company formed in 1986 by four members of the Minsk group: ISO stands for 'I'm so optimistic' (Wed, Thurs) (9001722 or 9696925).

New York New York City Opera (State Theatre, Lincoln Center). The week features Jay Bybee's Rasputin, which was commissioned by the company...

Chicago Lyric Opera (Civic Opera House) Donato Renzetti conducts Miriam Ganci as Lisa and Frank Lopardo as Elvino in Sandro Segul's production of La Sonnambula (822 2244).

October 7-13 SALEROOM Jockey Club is runner up The first major fine art auction organised by the Prudential - the disposal of the family silver by the Earl of Stradbroke...

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Opera and Ballet London Royal Opera, Covent Garden. The new production of Wagner's Rheingold is by Yuri Lyubimov, conducted by Bernard Haitink with James Morris, Kenneth Riegel, Ekkehard Witschalla, and Helga Dernesch. Further performances of Turandot, with Gwyneth Jones in powerful form in the title role. English National Opera, Coliseum. The use of the ENO's less successful recent productions make up the week's schedule, all of them relieved by strong casting: the new Fanny Hill starring Helen Fielder with Helen Fielder as Violetta; Fanny Hill's rubbish-dump setting of Carmen, with Jean Rigby in the title role; and Jonathan Miller's Barber of Seville with Della Jones's sovereign Rodina.

LETTERS

Kuwait and BP: a diversion from long term issues

From Mr M C Kuczyński
The Monopolies and Mergers Commission and the Secretary of State may have allowed to slip away an opportunity, however modest, to promote the long term public interest as far as the Kuwait interest in BP is concerned.

the price of an important exhaustible resource. The first oil crisis, with its aftermath of protracted fluctuation and painful industrial readjustment, was eventually the inevitable result of such short-sightedness. (The Organisation of Petroleum Exporting Countries, far from being "one of the great cartels", as Lord Young suggests, has so far been only a much publicised phenomenon in the legacy of a quietly effective, but ultimately truly inefficient, cartel.)

Help might be at hand, however, as it is recognised in a faultlessly orthodox Chicago tradition, if links of cross-ownership were to exist between the two sides - deposit-owners and technology-owners - while their ultimate interests remain distinct. It is precisely the distinctness of ultimate interests, invoked by the MMC against the Kuwait investment

Office holding, which serves to protect the public interest.
This country has a long run stake in energy products, in oil if not in gas. Washington, even in the face of obvious budgetary advantages, is stubbornly resistant to a sensible price. BP's North American production is prospectively on the wane. It is likely that the larger the Kuwait holding, the less probable, tactically or politically, is an inopportune liquidation. Given the relative importance of BP and Kuwait as players on opposite sides, it is a pity to think that the government may have simply have done its small bit to keep bedevilled the relationship which is at the root of the natural resource problem.
M.C. Kuczyński,
Pembroke College, Cambridge

Non-voting shares

From Sir Ian Morrow
Sir, Would it not have been a more elegant solution of the BP/Kuwait problem to have transferred the surplus shares to a non-voting trust? This would have had the effect that as long as the shares were owned by the Kuwait Investment Office they could not be voted.

Honest differences of view

From Mr Roland Freeman
Sir, Mr Derek Craig MEP ingeniously sidesteps the split among the 45 Conservative MEPs over European political union by suggesting that they hold 45 different views. If this is true on such a fundamental issue why have a Party group at all?

The Thatcherite wing, however, wants to block political union and even opposes a common currency and central bank which would arise naturally out of the single market structure.
These matters are of such importance that honest differences of view should not be hidden, but openly argued out in the run-up to next year's European elections.

Why stable exchange rates must be adjustable

From Mr W Gray
Sir, The Group of 30, in a saying quoted by Samuel Brittan ("Fund-Bank conference notebook", September 29) with evident approval, has characterised the exchange rate as "the single most important factor in the economic system, unambiguously defined with instant data available."

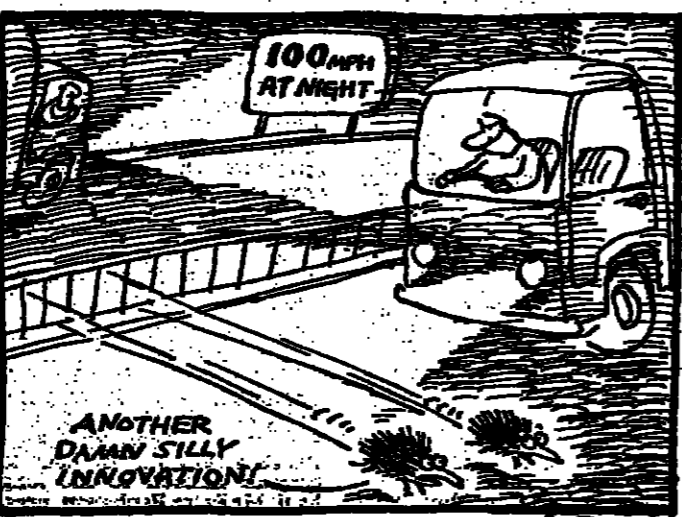
First and foremost, a stable price must be the best. "The instability of floating rates," according to Peter Kenen (FT, same date), "creates large real economic costs" - which are no less real, of course, for not being exactly quantifiable.
Only stable exchange rates can reconcile the interests of all concerned - businesses and individuals as well as nations and international communities.
Nevertheless, in an ever-changing world, stable rates must be adjustable. The key question here, pinpointed by Mr Brittan, is how the adjustment burdens should be shared between the weak and the strong - and, if may be added, how the need for adjustment can best be minimised, if not eliminated, at the international as well as national level.

A selfish clairvoyant

From Mr R Brunson
Sir, Could you please tell me where I can order the spectacles to improve the short-sightedness to which Lex refers (October 5)? I didn't realise that even the Lex column had such a pair which could have forecast the October crash. If this was the case, you could have been more than enough to share them with the rest of us.

Several Conservative MEPs are known to be federalists while others prefer a less centralised approach to union than the federal concept implies.

As a start could we be told who the Conservative federalists are and who among the remainder would support some form of political union as the next move to be taken after 1992?



Keeping speed hogs in the dark

From Mr T M Barclay
Sir, The challenge to achieve internationally-competitive costs is not confined to our manufacturing industries.
One of Britain's major national assets is the UK motorway network, in many places already inoperably overloaded. We now face the unpalatable alternatives of substantial capital - and environmental - costs in adding more traffic lanes and constructing parallel motorways, or accepting the costs of congestion, frustration and accident.

The cost advantage in doing so would rapidly transfer much of the present heavy goods traffic to night time, leaving the existing motorways to cope comfortably and more safely with private cars and local goods vehicles during the day.
The benefits to industry by way of reduced distribution costs, and to the private motorist relieved of dangerous congestion, are self-evident. The complaint of the "speed-is-dangerous" lobby could be anticipated by requiring a specialised vehicle test and a high-speed driving certificate, both to be renewed annually.
T. M. Barclay,
Director, Fine Tubes,
Estover Works, Plymouth

Initiatives in inner cities

From Dr C Coulson-Thomas
Sir, Mr P. E. Corby (Letters, September 28) in response to your editorial "Partnerships in Inner Cities" (September 23) emphasises the need for "real initiatives" to tackle the social and economic problems of the inner cities.
One such initiative is Project Frontline which is currently examining the feasibility of establishing a network of inner city based work centres linked to a marketing unit in London.
Using appropriate information technology, the work centres will both equip the unemployed with IT skills, and enable these skills to be offered through the marketing unit to organisations in the southeast.
Project Frontline is supported and sponsored by the Department of Trade and Industry, the National Economic Development Office, Confederation of Information Communication Industries and 15 major companies.
The project represents a useful framework for bringing about the partnership that so many are seeking.
Dr Colin Coulson-Thomas,
Chairman, Steering Group and Experts Panel,
Project Frontline,
237 Baring Road, London SE12

Community care: the devil you do not know is no better

From Mr H Lowe
Sir, May I reply to your leader "The community care middle" (October 6) which was a comment on the plea by the umbrella organisation Community Care Now for the implementation of the Griffiths Report.
I fear that Community Care Now has not thought through the proposals in the Griffiths report. I would suggest that the reason that the Government has not yet proceeded with the proposals is not because of its antipathy to local councils (which, post-Griffiths, could be allocated all the blame for an inevitable debacle) but because they must be in some doubt as to whether their electoral support, from home owners in particular, would survive if they did.
It is entirely untrue that public money is readily available to buy places in residential homes for the elderly. The National Council for Voluntary Organisations, among others, has produced - at least one report on the lack of funding for this purpose.
The figures in the Audit Commission Report on Community Care (1986), taken together with the DHSS personal social services statistics, show that two thirds of the inmates of private homes are paying their own way and are thus clearly not a representative cross-section of the elderly.
Numbers of privately-funded,

elderly have increased dramatically in a decade when the NHS has reduced the provision of bed/days for geriatrics and psycho-geriatrics by some 50 per cent.
The two circumstances are closely linked. The essential difference in this transition of patients from one institution to another, apart from the quality of care and the disappearance from the statistics of thousands of people, is that the NHS funding formula "free at the time of delivery and (mainly) funded from general taxation" has been transformed into a means-tested one.
This change in funding formula, to the great disadvantage of the client or patients, is the essence of Griffiths recommendations; the allocation of managerial responsibility is derivative.
For much tends to be made of the divided responsibilities for delivery of community care. Lack of resources is the critical factor and the Griffiths report contains no hope that more will be forthcoming.
I turn to the question of the provision of formal community care in the recipient's own home. Community nursing and para-medical services at present fall within the remit of the NHS and its funding formula; some council services are free and others are means-tested.
Griffiths categorically proposes to make them all chargeable to the recipients - is means-tested. As it would be

unreasonable to expect the true cost of the services of, say, a nurse, physiotherapist, chiropodist, etc. to be less than £20 a visit (or an hour) the cost to an elderly person in frequent need of these services would be enormous.
Griffiths says: "The majority of those who need care and support are elderly. Many of the elderly have higher incomes and levels of savings in real terms than in the past. This growth in individually held resources could provide a contribution to meeting community care needs... There are already a number of interesting schemes for encouraging owner occupiers to use their equity to provide income which can be used to pay for services in retirement..."
In plain terms, the last sentence means re-mortgaging and the reason that little use is now made of this is that it is such poor value for the client, though very profitable for the finance house. Griffiths seeks to give home owners no option.
What it comes down to is that elderly pensioners and home owners will have to pay for community care in the home, either directly or via some form of insurance because they will be assessed as having the necessary means. At present there is virtually no private health insurance available for the elderly, but if it existed and it is a problem for the government to get it set up, it would be very,

very expensive.
And what of those with no resources of their own? If we extrapolate from the known situation of homes for the elderly, it seems clear that these people will continue to be denied support. Councils will not be able to use the money extracted from the better off to support those with no resources, even if they wish to.
Griffiths has specified that the central government grant to councils will be adjusted to take account of the ability of the clients to pay.
There are many other negative features to the Griffiths report.
It is true that community care is in a desperate plight but being panicked into calling for the Griffiths report to be implemented will not mend matters. To suppose that the devil you do not know will be better than the one you do is no better guide than the reverse.
An alternative to Griffiths can be worked out and campaigned for. In these remarks I put, in part, the view of my organisation but as a 67 year-old and thus (statistically) liable to need some community care in the not so distant future, I look on the possibility that Griffiths may be implemented with the greatest trepidation.
Hugh Lowe
Secretary, London Health Emergency, 335 Grays Inn Road, London WC1

Vying for the soul of the Afrikaner

Jurek Martin examines the rise of the Conservative Party in South Africa

The basic case in favour of sanctions against South Africa is the premise that the National Party Government can be made, through economic pressure, to change its odious laws and ways. The contrary case is that sanctions most hurt the ones in need of help, South African non-whites, that a wrecked or stagnant economy is not a desired precondition for an orderly transition to power and that, in any event, the National Party will never buckle under to that sort of leverage. In both contentions, a role is assumed for the National Party, which has formed a majority government for 40 years, the last 10 under President F.W. Botha. It is either going to effect change or block it. Under Mr Botha, it has often seemed to try to do both, sometimes simultaneously, never satisfactorily.

But what if the National Party ceases to govern South Africa or is no longer the master in its own house? This might seem wishful thinking, though it is worth recalling that 18 years ago, the infamous "tar baby" memorandum, drawn up by the US Government, assumed that not only the white governments of South Africa and Rhodesia but also the Portuguese colonial regimes then in place in countries like Angola and Mozambique would be around for the foreseeable future. Within a decade all but that in the Republic had disappeared and African rule of Africans had been established.

was tantamount to a most extraordinary concession. Before, he argues, Mr Botha had always spoken in the name of South African unity, whereas now he knows that this is not what really counts. On all the issues now consuming parliament - revisions to the Group Areas act, the free settlements bill, establishing certain designated districts as open to residence by all South Africans, regardless of colour, and the creation of multi-racial regional councils - Mr le Roux sees Mr Botha as being caught between two constituencies, white and non-white, losing both and gaining nothing.

Mr Botha is being caught between two constituencies, white and non-white, losing both and gaining nothing. He may be right. The trilateral legislature, which includes "coloureds" and Indians, has been meeting in unique joint session in Cape Town to "consider" the above bills, which the Government has said it will run through anyway. Most significant has been the opportunity afforded to the Rev Allen Hendrickse, the coloured leader, to pillory the Government, not least over the destruction of his father's church in the name of apartheid. It has been a powerful, emotional stuff, which National Party MPs have had to endure "like whipped curs", according to local opinion. Rev Hendrickse seemed to be warning the Government that his "co-operation" in South Africa's version of participatory democracy has its limits.

Mr Botha has had a much more harrowing time in the last 18 years than Nelson Mandela, a remark perhaps designed to provoke his interviewer but perhaps also reflective of the constant defensiveness of the Government.
To Mr Frank le Roux, Conservative chief whip and one-time deputy Speaker when a National Party MP, the President's appeal to Dr Treurnicht

Party MPs if ever push came to shove. Only the military, it is said, can stop the rot and it might choose not to.
The prospects, therefore, seem bleak. Worse yet it is not clear what outside forces - including Western governments, with or without sanctions - and the African National Congress, can do about it; other than hope against hope that the Afrikaans drama has a surprise ending.

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FINANCIAL TIMES

Tuesday October 11 1988

BUILDER CENTER WOLSELEY The name behind the name

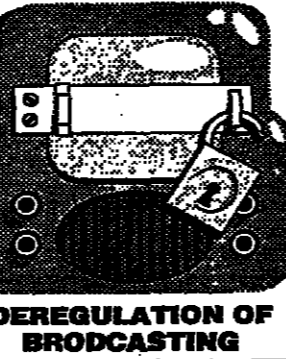
French TV continues to make headlines

Broadcasting is about to receive yet another regulatory structure, reports Paul Betts

BROADCASTING has been a long-running soap opera in France. Few issues have provoked such noisy political controversy...

Mr Francis Bouygues, chairman of Bouygues, French construction and media group, is expected to resign as chairman of the French TF-1 privatised television network...

of the public service just as it widely expected to lose the legislative elections of 1986 to the right. Heads have traditionally rolled in the French broadcasting sector after every general election...

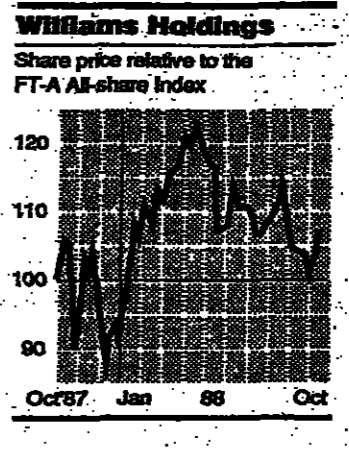


DEREGULATION OF BROADCASTING

shake up the structure and nature of broadcasting so profoundly that the politicians lost control of the situation. The Government limited the amount of advertising revenue of the public networks since they also receive revenue from television licence fees...

Lawson keeps the troops happy

Mr Lawson's stirring remarks over the weekend about the need to keep up the anti-inflationary struggle have made a lot of foreign exchange traders very happy. By pulling out the possibility of an early cut in interest rates...



Williams Holdings Share price relative to the FT-100 All-share Index

other investment banks were thinking of taking themselves private, now that the need for a huge capital base no longer seems to be as important as it was a year or two ago.

Property developers

The pointed reminder issued yesterday by London & Edinburgh Trust of its policy to increase both earnings and assets contained a well-deserved reproach to the market. In the past year the basis for valuing property development companies has been turned inside out...

CS First Boston

Investment bankers are supposed to know how to value businesses, so it is always interesting to see how they value their own operations.

Britain to put electronic tags on prisoners

BRITAIN is to introduce an electronic tagging system for prisoners awaiting trial which is likely to be strongly opposed by civil liberty groups and some law officers...

alone could be worth more than \$1bn in the 1990s. Mr Marc Renzema, associate professor of criminal justice at the University of Kutztown, Pennsylvania, and editor of a newsletter on electronic monitoring, said that several other countries had also been looking at curfew systems...

been evaluating a number of electronic monitoring systems for the past two months. Mr Hurd's announcement follows a government consultation document which suggested that such schemes might be used in keeping offenders out of custody.

brates the increasing potential of the in-house electronic surveillance industry. It was previously dominated by several small companies with limited capital and research facilities. Ms Sarah Spencer, general secretary of the National Council for Civil Liberties, said the Council strongly opposed tagging.

Brussels to investigate imports of small TVs

THE European Commission is expected to launch an anti-dumping investigation into imports of small screen televisions from China and Hong Kong later this year. Action over the alleged dumping has become increasingly likely over the past few months following a big surge in sales of Chinese and Hong Kong products through own-label retail stores.

Algiers riots flare again, death toll rises

Despite the FLN's marxist language, the party was never organized on tight lines of a communist party. It remains as it was before independence, an alliance of groups with different political aims. Hence the strong suspicion that the previously unknown Islamic Fundamentalist Movement for Algerian Renewal, which claimed responsibility for the violence at the weekend, is manipulated by FLN hardliners.

UK credit card war looms

BOTH National Westminster and Midland banks yesterday announced plans to become members of both the Visa and MasterCard credit card organisations, setting the stage for a highly anticipated competition in the UK credit card industry. The decision of the two banks, which follows similar moves by Lloyds and Barclays last month, means that all four of the big clearing banks will be competing directly against each other in the credit card market as both Visa and MasterCard issuers.

charge now averages around 2.3 per cent per transaction. Yesterday's announcement coincided with a special meeting in Amsterdam of the board of Eurocard International, the European affiliate of MasterCard, at which applications from eight British banks, including the four big clearers, were due to be considered. Credit cards became established in the UK from 1966 with the appearance of Barclaycard, now the main Visa card. In 1972, the other three big clearers entered the market when they set up a credit card cartel through the Joint Credit Card Company (JCCC), a consortium issuing Access cards. Since 1976, the Access card has been linked to MasterCard, the smaller of the two major international credit card systems. Barclays' Barclaycard operation and Visa run a looser network which grew rapidly and

currently has 27 banks as members in the UK. However, the Access banks, led by Midland, NatWest and Lloyds, did not admit newcomers and in recent years have appeared to be trailing behind Visa in terms of cardholders - with only 12.5m holders against Visa's 15.5m. Last Friday, Lloyds announced that it would be offering services through retailers on both card networks, a move which brought it into direct competition both with the existing network organisers, the JCCC and Barclays, NatWest and Midland were left with little choice. After a settling down period in the wake of the current changes, MasterCard, previously a branding available only in the UK on a few Gold cards - upmarket cards for highly paid individuals - seems likely

TI Cheswick looks forward to legislation on exhaust pollution

TI CHESWICK SILENCERS opens on Friday, 14 October, at Preston, this country's first purpose-built factory dedicated to manufacturing catalytic converters, pioneering the way in clean air products for car exhaust systems. When fitted to car exhaust systems, these converters reduce the emission of pollutants such as carbon monoxide, nitrogen oxides and unburnt hydrocarbons in the exhaust gas. Until now Cheswick have been supplying catalytic converters to Ford in Germany and Belgium, Volvo in Holland, and the export

THE WORLD OF TI

TI Cheswick looks forward to legislation on exhaust pollution

model requirements of Jaguar, Rover and Landrover from their Blackpool silencer plant. All this work will now be switched to the new \$4.5m Preston factory. Although initially all production is for vehicles destined to be driven overseas, Cheswick is ready to step up production and expand its seven acre greenfield site at the junction of the M55 and the M6 to meet the growing demand for converters that will be stimulated by implementation of tighter emission standards in Europe in the period 1990-1995.

Apollo brings aerospace technology to golf

GRAPHITE FIBRE technology was pioneered and developed in the 1960s by the US aerospace industry. Its benefit, the reduction in component weight through a high strength-to-weight ratio - has now been utilised by Apollo, patentees of the steel golf shaft in 1913. Apollo is the first dedicated golf shaft-maker to bring the advantages of graphite shafts into its range. Using graphite allows the shaft-maker to reduce the weight of the shaft and the club-maker to increase head weight. The benefit for the golfer is that he can generate more momentum at the point of impact, creating the potential for greater distance for the same swing speed. Apollo's graphite shafts offer the club-maker greater tolerances for weight, flex, point of balance, dimensions and torque. As a result, there is now more opportunity than ever before to custom-fit club to player.

Tru-Form crosses the Atlantic

FOLLOWING THE success of Reynolds Rings Tru-Form opened in Tyneside, Birmingham. TI has established Tru-Form Inc with a US\$4 million plant at Wilkes-Barre, Pennsylvania. This venture, together with TI's King Fifth Wheel, supplies the needs of American aero-engine manufacturers. TI Reynolds Rings Ltd forms part of TI's world leadership business in aero-engine rings, and its revolutionary Tru-Form cold rolling process has made a major contribution to existing manufacturing techniques. Engine rings play a vital part in jet engine technology. Of considerable size - up to eight feet in diameter and often several inches wide - they are made of

some of the world's costliest and toughest alloys. Previous ring manufacturing techniques led to the wastage of up to 95% of the original highly expensive alloy. Moreover, there were manufacturing constraints on axial width. But the unique Tru-Form technology now allows designers to make rings of large axial width and varying thicknesses in one piece, near net shape, with a saving on both material and fabrication costs. The American market is already responding very positively to the advantages of the Tru-Form technology, and significant application is anticipated on the incoming generation of aero-engines.

World Weather table with columns for location, temperature, and other weather indicators.

Yugoslavian unrest

Continued from Page 1 He is campaigning to incorporate fully into Serbia the two autonomous provinces of Kosovo and Vojvodina which are at present loosely linked to his republic. Intense pressure, in the form of mass demonstrations organised largely by Serbs who support Mr Milosevic, has been brought to bear on the party leadership in the two provinces and in the other five republics. Last week demonstrators loyal to Mr Milosevic forced the resignation of the Yugoslav

leadership by laying siege to the local administration in the northern town of Novi Sad. The party leadership in the northern republic of Croatia, which has bitterly opposed Mr Milosevic's alleged pandering to extreme Serbian nationalists, yesterday held a meeting to discuss the situation. Later in the week, the Kosovo leadership, which is under pressure from the Serbian party to drop its opposition to incorporation into Serbia, will hold an emergency session.

DER TER SELE... behind the...

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FINANCIAL TIMES COMPANIES & MARKETS

Tuesday October 11 1988

TAYLOR WOODROW TEAMWORK IN CONSTRUCTION WORLDWIDE

INSIDE High hopes for Verri's Alitalia

Alitalia, so the joke goes, stands for Always Late in Takeoff, Always Late in Arrival. But now the Italian state airline is set to get a new lease of life. Mr Umberto Nordio, the cantankerous boss of Alitalia since 1979, was sacked in July and replaced by Mr Carlo Verri, the highly-acclaimed manager who is most recently credited with having turned round Zanussi, the white goods manufacturer. Alan Friedman explains how Mr Verri plans to improve Alitalia's services and out company bureaucracy. Page 30

Clear picture of Austrian Blind? Is privatisation in Austria merely a way of containing the country's budget deficit, or is the Government genuinely interested in expanding share ownership and reducing the influence of the state? The answer will be made clearer by the terms of the partial privatisation of Verbundgesellschaft, the state-owned electrical power utility which is earmarked for flotation in late November. Page 32

Watch this space For the price of a rabbit hutch-sized property in Tokyo it would be possible to buy a country estate outside Japan. Sky-high land prices are such that analysts regularly comb company balance sheets for evidence of property holdings. Growth in land costs has eased since last year's stunning 65 per cent rise, but the price surge continues to be a theme in Japan's stock market. Michio Nakamoto examines how in the past few months the exchange's property focus has sharpened on holdings in three areas of Tokyo. Page 52

Canadians sell Inespal stake It looks set to become a difficult job. When the Madrid office of Solomon Brothers, the Wall Street investment bank, opens this month, on its books will be the disposal of a 24 per cent stake in Inespal, the Spanish state-controlled aluminium holding company. The stakes are being sold by Alcan of Canada and the deal since the takeover by Spanish firms, not least because aluminium prices have been buoyant this year and Inespal is heading for record profits. Peter Bruce reports from Madrid. Page 31

All work and no play Contrary to popular perception, October is the busiest month of the year for Britain's arable farmers. David Richardson reports on the race to beat the onset of winter with autumn-sown cereals - a task that has farm workers putting in 14-hour days, seven days a week. Page 48

Market Statistics table with columns for Bond yields, FT-100 index, FT-100 world index, Financial futures, Foreign exchange, London recent issues, etc.

Companies in this section table listing various companies and their stock prices.

Chief price changes yesterday table showing price changes for various currencies and commodities.

LONDON (Pence) table listing stock prices for various companies like British Airways, British Telecom, etc.

Gold Fields bid reverberates worldwide

By Chris Sherwell in Sydney and Kenneth Gooding in London TWO separate developments yesterday illustrated the way shock waves from the hostile \$2.9bn (£450m) bid for Consolidated Gold Fields, the UK mining and industrial group, by Minoro, the South African-controlled investment company, are being felt throughout the world's gold mining industry. First, Mr Rabble Namalin, the prime minister of Papua New Guinea, said his Government would force Renison Goldfields Consolidated, 49 per cent owned by Gold Fields, to sell its extensive interests in that country should Minoro's bid succeed. Then Minoro announced that, if it won control of Gold Fields, it would sell the highest bidder the UK company's 49 per cent shareholding in Newmont Mining, which is rapidly developing into the biggest gold mining group in the US.

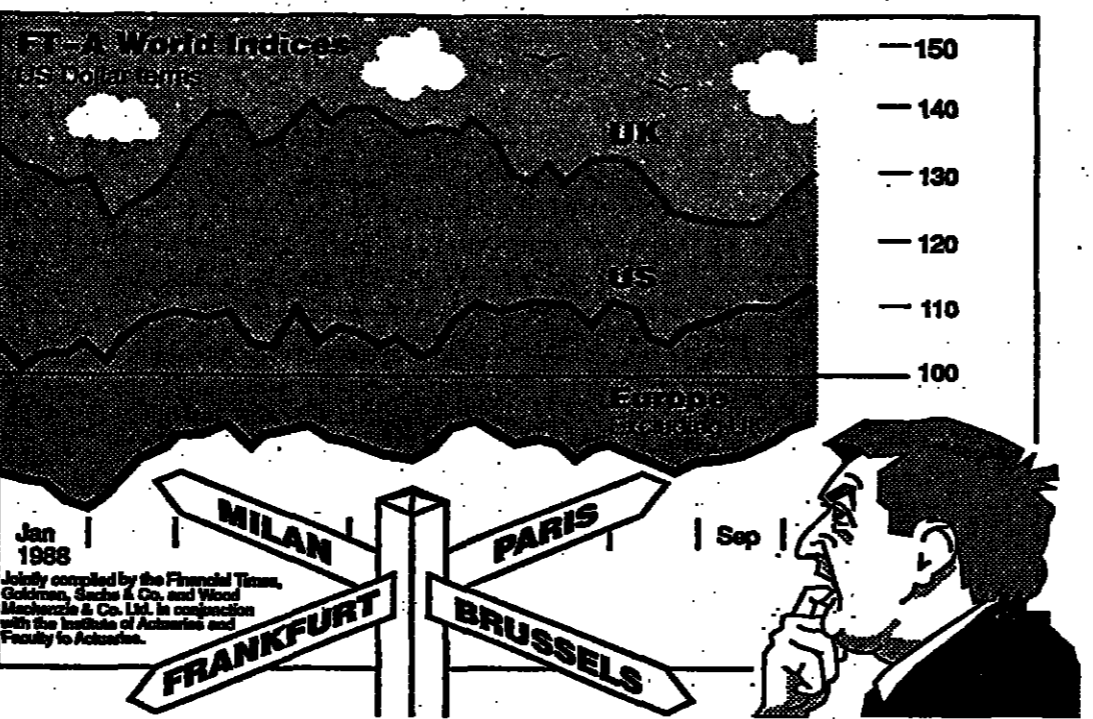
The Newmont share price rose by \$1.50 to \$38 immediately after the news yesterday, at which level the Gold Fields' stake is worth about \$125m. Newmont's 50 per cent-owned subsidiary, Newmont Gold, is on course to become the biggest gold producer outside South Africa this year and owns the prospecting rights to the major portion of the Carlin Trend in Nevada, the largest gold field to be discovered since the South African Rand. Gold Fields built its shareholding in Newmont Mining from 28 per cent to 49.3 per cent last year to help the US company fight off an unwelcome bid from a group led by Mr T. Boone Pickens, the well known corporate raider. Gold Fields also agreed not to increase its stake in Newmont for 10 years. Minoro, in its formal offer document last week, said it would negotiate with Newmont's management to reduce Gold Fields' shareholding, "with a view to releasing low yielding funds whilst providing Newmont with independence and stability." Sir Michael Edwards, Minoro's chief executive, made it clear that it was Newmont's subsequent decision to join with Gold Fields in an approach to President Reagan asking him to block the bid on US national security grounds which caused Minoro to change its mind. That was a "clear message" Newmont was not willing to take up Minoro's offer of talks, he said. Although Minoro was previously determined to reduce the stake, perhaps to about 25 per cent, it would also have discussed the timing of that disposal and where the shares should be placed, as well as possible joint projects. Gold Fields suggested last night that Minoro would be forced by political pressures to include in a "fire sale" of assets if the bid succeeded. "It could end up with a pile of cash and a huge tax bill." Minoro has also indicated it would sell Gold Fields' shareholding in Gold Fields of South Africa and all its other South African interests. Gold Fields also suggested that Minoro might be forced by the Australian Government to sell the 49 per cent shareholding in Renison. Renison has a one-third stake in the Porgera project in Papua New Guinea which will be developed into one of the world's biggest gold mines with a peak production of 1.3m ounces a year in the late 1990s. Renison also wholly owns the historic Wanbulu gold fields. Mr Namalin, the PNG prime minister, said the prospect of Minoro owning indirect stakes in these properties was "totally unacceptable. We cannot allow the apartheid regime to benefit from our rich resources." He added: "We have international obligations and national laws that prohibit us from entering into trade and investment agreements with South Africa and South African multinationals." Gold Fields said the reaction in PNG was another demonstration that host governments would not accept South African ownership. It said that the PNG Government had taken the view that no control or influence over Renison from South Africa arose from Minoro's existing 28 per cent stake in Gold Fields. Lex, Page 26

Indian alliance eyes world markets

By David Housego in Bombay TWO OF India's largest industrial groups agreed yesterday to form an alliance that could form the base of a chemicals and engineering conglomerate of world scale. Larsen and Toubro, an engineering and process plant manufacturer, announced that two senior directors from the country's Reliance textiles and petrochemicals group would be joining its board. The move, seen as giving Reliance a growing voice over management policy, follows the build-up by Reliance of a stake in Larsen and Toubro of between 5 and 12 per cent, making it the largest private shareholder. Reliance had sales of Rs13.3bn (£918.6m) in the 15 months to March. Larsen and Toubro, which had seen sales and profits stagnate over its previous two years, yesterday announced an 18 per cent increase in turnover to Rs6.6bn in the year to September. Larsen and Toubro has been subject to increasing takeover rumours in recent weeks, which have pushed up its share price from about Rs75 in April to Rs143 yesterday. Mr N.M. Desai, the chairman, welcomed the link with the Reliance group. Reliance, which has grown rapidly under the leadership of the controversial Ambani family to be India's fourth largest industrial group, has had its interest in Larsen and Toubro stimulated by the large orders it has been placing with Larsen for petrochemical plant. Joining the board of Larsen and Toubro is Mr. Murali Ambani, the eldest son of Mr Dhirubhai Ambani, chairman and founder of Reliance. He could take over as chairman from Mr Desai who is due to retire in March. Lex, Page 26

Credit Suisse, First Boston execute deal

By Stephen Fidler in London and Janet Bush in New York CREDIT Suisse, the third-largest bank in Switzerland, and First Boston, the US investment bank, yesterday executed an agreement that aims to create a powerful new international investment bank, CS First Boston. The agreement will take First Boston private and make it one of three autonomous subsidiaries under a New York-based holding company. The holding company will also comprise its London-based affiliate, Credit Suisse First Boston, and a subsidiary to be established in January and headquartered in Tokyo to cover the Pacific region. Yesterday's move also provides for up to three new institutional investors in the group, which Mr Jack Hennessy, president and chief executive officer of CSFB, said would preferably be Japanese. Until these investors are found, the group has reached agreement with the Olayan Group, a Saudi Arabian-owned international conglomerate which has previously taken interests in a number of US financial companies, which will act as interim trustee to hold 30.5 per cent of the new group's shares. In its capacity as a trustee, it will be granted a loan of about \$60m from a group of international banks. Among Wall Street analysts and rival securities firms, there was clear agreement that the deal represented increased influence for the Swiss bank and a leading role for the dynamic securities operation of CSFB. In the longer term, the merger may help solidify First Boston, which has had a difficult year, and there is general agreement that the merged company will be a formidable force in global investment banking. Although the firm is resisting the interpretation, the agreement is also being viewed as representing, if not an complete defeat for First Boston's management, then certainly a loss of influence for the investment bank. "In all honesty, First Boston will become a subsidiary of CSFB under the new set-up," said Mr Perrin Long, who follows the securities industry for Lipper Analytical in New York. A reported in later editions of the FT yesterday, the other main points of the deal are as follows: The new holding company will have pro-forma equity of \$1.1bn and will be 44.5 per cent owned by CS Holdings, a Credit Suisse company; 25 per cent by management; and 30.5 per cent by up to three other investors. Credit Suisse will inject \$30m of new equity capital, the new institutional investors will be expected to inject \$500m and a further \$200m will be raised from an issue by First Boston of preferred stock. Mr Alvin Shoemaker, chairman of First Boston, will leave the firm. Mr Peter Buchanan, president and chief executive officer, will take the same position in the new firm, but only until September, when Mr Jack Hennessy, current CSFB president, will take over. Mr Hans-Joerg Rudloff will be brought back to London from Switzerland to head the European arm of the company and Mr Bill Mayer of First Boston will head the US unit. Swallowed by its offspring, Page 24; Lex, Page 26



Securities houses go for broke in Europe

Patrick Harverson on the race to improve research and grab business in Continental equity markets ON MONDAY October 3 one of Wall Street's leading securities houses, Drexel Burnham Lambert, transferred its European equities research team of four senior analysts - led by the group's director of international research - from New York to London. The move, which included poaching a senior European analyst from James Capel, was the latest broadside in the battle between international securities companies to win a large slice of what could be the biggest and most lucrative pie since Big Bang - the continental European equity markets. The rush to improve and expand the coverage is a direct response to the growing demand from UK and overseas investors for access to and information on European equities. This demand has been fuelled by a variety of factors. The approaching unification of European markets in 1992 has heightened investor awareness of Continental companies. Deregulation of local European markets has improved access to equities and improved their marketability, and the growth in trading on the London Stock Exchange's SEAQ international system has stimulated interest in a far wider range of European stocks. The dramatic improvement in the expectations of GNP growth among the major European economies - and the forecasts of strong corporate earnings growth - has been directly reflected in stock market performance, so much so that since the October crash local markets in Continental Europe have performed better relative to London and New York. There is some evidence of UK investors switching from UK to European stocks because they expect the local markets to continue to outperform London and New York. "The global securities houses pouring more resources into European markets believe that whoever provides the most comprehensive research service is likely to win clients who will stay with them for good. If you are going to be a long-term player in European equities you have to get the infrastructure in place now," says Mr Angus McNeill, head of European research at James Capel. The volume of European equities traded in London is already large. In a good month, such as October 1987 (and this was despite the crash), every day about \$400m (£680m) worth of European equities were traded on behalf of customers. In the months April to June of this year, daily customer turnover in

Williams unveils £331m offer for Pilgrim House

By Nikki Tait in London WILLIAMS Holdings, the acquisitive industrial conglomerate, announced yesterday a £331m (£562.7m) recommended offer for Pilgrim House Group, the electrical and electronics group. Pilgrim House was created when RHP, having disposed of its traditional ball-bearing interests last December, merged with the fast-growing Burgess Group the following month. Lex, Page 26

WASHINGTON CANT PRIME SITES FOR PRIME COMPANIES. Companies from across the world, including Nissan of Japan, have chosen Washington New Town as the base for their European operation. Washington is the prime location in North-East England offering fully serviced development sites, currently available from £23,000 per acre, to industrial and Commercial Businesses and Developers. Washington is one of fifteen prime locations, across England, in which the Commission for the New Towns has unreserved industrial and commercial property opportunities. Dial 100 and ask for Freephone CANT Property Centre for further information. BASILDON • BRACEWELL • CENTRAL LANCSHIRE CORY • CRAWLEY • HARLOW • HATFIELD HEMEL HEMPSTEAD • NORTHAMPTON PETERBOROUGH • REDDITCH • SELWICKSDALE STYVENAGE • WASHINGTON • WEYING GREEN/CITY

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INTERNATIONAL COMPANIES AND FINANCE

Best Products agrees to \$684m buy-out offer

By Bob Vincent in New York

BEST PRODUCTS, one of the leading US discount retailers, has agreed a \$684m buy-out offer from Adler & Shaykin, a New York-based investment company which specialises in management leveraged buy-outs. Adler is offering \$27.50 a share through its newly created concerns, BAC Holdings Group and BAC Acquisition.

Total funds required to buy all Best Products' outstanding common stock, refinance the company's indebtedness and pay expenses relating to the offer, which is being recom-

mended by the board, will be about \$1.1bn. The deal also involves Best Products paying \$25m to Adler if the merger fails to go through, under certain circumstances.

Last month, Best Products, based in Richmond, Virginia, rejected an inadequate unsolicited proposal to buy the group at \$21 a share, or \$322m. The board then declined to disclose who made the proposal.

It acknowledged, however, that it was holding talks with other interested parties and reviewing strategic options,

including a sale of the entire company. Mr Robert Humbley, Best Products' chairman, said the deal would result in the continued operation of Best as one of the leading discount retailers.

The group operates 194 Best stores in 27 states, and it is developing Best Jewelry, which currently has 30 outlets. Included in Adler & Shaykin's \$1.2bn portfolio are Joy Technologies and Chicago Sun-Times. In early trading yesterday Best's shares jumped 5% to \$26.

Abbott maintains earnings growth

By Anatole Kalatsky in New York

ABBOTT Laboratories, the Chicago-based pharmaceuticals and health care company, maintained its long record for rapid growth of revenues and earnings in the third quarter. The company's net earnings increased by 18 per cent to \$172m or 76 cents a share, compared with \$146m or 64 cents a year earlier. Sales increased by 11 per cent to \$1.21bn.

The rate of growth was only marginally weaker than that reported in the second quarter, when Abbott's earnings advanced by 19 per cent and sales grew 16 per cent. In the first nine months of 1988, the company made \$538m or \$2.94 a share, 20 per cent up on the corresponding period the year before. Sales in the latest nine-month period increased by 15 per cent to \$3.63bn.

Abbott's earnings per share have been growing at around 20 per cent since early 1986 and its profits and sales have risen every year since 1971. The company said its earnings growth this year had been due to improved productivity, a better product mix, the weaker dollar and a lower tax rate, as well as higher volumes.

Research and development spending increased by 26 per cent to \$115m in the third quarter. Abbott has focused its research on diagnostic products, as well as drugs related to acute pain management and relief, Aids and antibiotics.

Research and development spending increased by 26 per cent to \$115m in the third quarter. Abbott has focused its research on diagnostic products, as well as drugs related to acute pain management and relief, Aids and antibiotics.

Stratus plant for Ireland

By Kieran Cooke in Dublin

STRATUS, the US computer systems manufacturer, is to invest £10m (\$14.4m) to open a plant in the Irish Republic.

The plant, at Blanchardstown, near Dublin, is expected to have a workforce of 200. The project, backed by the Irish Government's Industrial Development Authority, was won by Ireland against tough competition from other locations in the EC.

Paribas acquires Béghin-say stake

By Paul Betts in Paris

PARIBAS, the French privatised financial group, yesterday acquired a stake of nearly 5 per cent for about FF250m (\$40m) in Béghin-say, France's largest sugar producer controlled by the Italian Ferruzzi group.

Paribas bought 550,000 shares in Béghin-say on the bourse where there was heavy trading in the sugar producer's shares, bourse sources disclosed last night.

The move appears to form part of the French bank's renewed efforts to forge a wide network of alliances with major international financial partners and industrial groups.

The Paribas acquisition was described last night as "friendly" and Ferruzzi is now expected to consider other forms of broader co-operation with Paribas.

The Paribas shares purchase also reflects the French bank's current strategy of boosting its presence in key industrial sectors including the food bus-

ness. The investment in Béghin-say is significant because Ferruzzi has decided to centralise its agri-business activities around the French sugar group, whose consolidated sales as a result will double this year to slightly more than FF300m.

Mr Jean-Marc Vernes, the chairman of Béghin-say, recently said that the aim of Ferruzzi and the French group 56 per cent controlled by Mr Raul Gardini was to become one of Europe's leading agri-business concerns.

The arrival of Paribas in Béghin-say's capital is in turn expected to see the disposal of Compagnie Financière de Suez of its stake in the sugar group. The share disposal by Suez, which with its rival Paribas is France's other major privatised financial group, appears to reflect Suez's current efforts to absorb its costly investment in the Société Générale de Belgique after its epic takeover battle against Mr Carlo De Benedetti, the Italian businessman.

Bouygues chief poised to quit as TF-1 chairman

By Our Paris Staff

MR FRANCIS Bouygues, chairman of Bouygues, the leading French construction and media group, is expected to step down today as chairman of the French TF-1 privatised television network, 26 per cent controlled by Bouygues.

Reports suggesting this move thrust the company into the limelight on the Paris bourse yesterday, again stimulating heavy trading in Bouygues shares.

About 250,000 changed hands by mid-session and the Bouygues share price gained more than 6 per cent to trade at around FF625 (\$89).

It is widely expected that Mr Bouygues will continue at the top of his construction group, the world's largest in terms of turnover.

Indeed, his departure from TF-1 had been planned for some time and reflects Mr Bouygues's feeling that the privatised television channel is now performing sufficiently well not to need his direct

day-to-day attention. Mr Bouygues is expected to be succeeded at TF-1 by Mr Patrick Le Lay, TF-1's managing director.

Mr Le Lay has the reputation of being a particularly tough network manager with his eye constantly on viewer ratings.

Bouygues shares have come under siege during the last few weeks on speculation that a mystery "raider" was accumulating shares in the company.

Mr Robert Maxwell, the UK publisher, also disclosed last week that he had acquired a 5 per cent stake in Bouygues to defend his interests and support Bouygues in the event of a hostile bid.

Mr Maxwell is also a shareholder in TF-1, with 13 per cent.

The speculation in Bouygues shares has also been fuelled by rumours that Mr Bouygues's health is failing. However, Bouygues has firmly denied these rumours.

AMD fall fuels slowdown fears

By Louise Kehoe in San Francisco

ADVANCED Micro Devices, the Silicon Valley semiconductor manufacturer, reported a sharp drop in earnings for the third quarter, compared with the second quarter, fueling fears of a substantial slowdown in the semiconductor and personal computer industries and triggering a broad decline in technology stock prices.

Reporting per share income of six cents, against 29 cents in the second quarter, AMD said it had experienced both cancellations and slowing orders from some of its principal customers in the personal computer industry.

AMD reported net income of

\$45m or six cents per share, on sales of \$265.4m. In the same period of 1987, AMD showed a loss of \$69.8m or 93 cents a share, on sales of \$260.9m. In 1987, income was reduced by charges in connection with the acquisition of Monolithic Memories, another Silicon Valley chip maker.

Commenting on the latest result, Mr W.J. Sanders, chairman and chief executive, said: "The decline in revenues in the summer quarter to levels approximately equal to first-quarter sales may be essentially attributed to decreases in shipments of microprocessors and programmable logic

devices to personal computer manufacturers.

"Demand softened considerably. We believe that a period of digestion of component inventories on the part of our customers will keep a lid on new orders and hence our sales growth for the next several quarters."

A week ago, AMD signalled the slowdown and announced 1,400 lay-offs at its assembly and test facilities in Malaysia and the Philippines. A charge against earnings associated with these actions is anticipated in the fourth quarter, the company said.

Finland proposes securities market law

By Olli Virtanen in Helsinki

FINLAND is to enact a securities market law that will impose tight rules for insider dealings and disclosure of information. The penalties, according to the Government's proposal presented to parliament, would range from fines to a two-year prison sentence.

The proposal defines insiders in detail. They include the top management of brokerage firms and quoted companies, their supervisory boards, auditors and all deputies.

The proposal seems any use of inside information, obtained accidentally or otherwise by anyone, as illegal. Insiders are only allowed to make

long-term investments for a minimum of six months in publicly quoted companies and they have to keep a public record of their holdings and trading activities during the previous 12 months.

Brokers will be forbidden from "influencing" market prices, they must treat all customers equally and they will have to disclose all trades in their own portfolio within a week to the stock exchange.

A company quoted on the main list of the Helsinki Stock Exchange or on the OTC list will be penalised for disclosing faulty or misleading information.

The proposal requires all listed companies to publish a comprehensive prospectus for a share issue. They will also have to publicise all information that could affect the price of their shares.

Investors will have to disclose the size of their holdings in a publicly quoted company when it exceeds 10, 20, 50 and 66 per cent of the share capital.

The proposal also allows a company to be listed only on one Finnish bourse. In practice this means that plans to set up stock markets in two other Finnish towns, Turku and Tampere, will probably not take off.

INDIA

The Financial Times proposes to publish this survey on:

20th December 1988

For a full editorial synopsis and advertisement details, please contact:

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on 01-248 8000 ext 3238

or write to him at:

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FINANCIAL TIMES
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FINANCIAL TIMES
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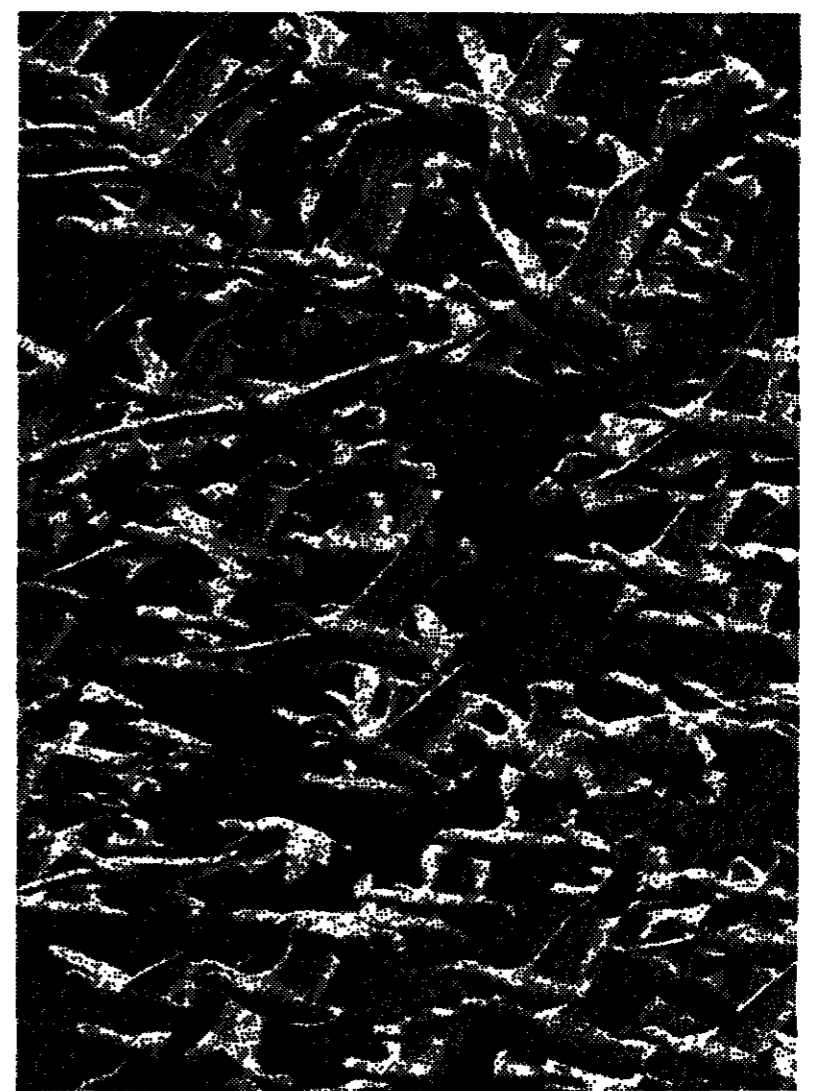
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INTERNATIONAL COMPANIES AND FINANCE

Nursing a 'wounded pigeon' back to proper flight

Carlo Verri, the new president of Italian state airline Alitalia, talks about his plans to Alan Friedman



1992?

No hay problemas Mijnheer!

BRITISH VITA PLC
British Vita PLC, Middleton, Manchester M24 2DB
Tel: 061-663 1133. Telex: 65733. Fax: 061-663 5411.

Poor old Alitalia. The Italian state airline is a favourite target for jibes, jokes and general criticism by politicians, businessmen and, most of all, by the carrier's long-suffering passengers.

Now it looks as though Alitalia may be about to get a new lease of life. In an unusual move for Italian state industry, Professor Romano Prodi, chairman of the IRI state holding group that owns majority control of the airline, last July sacked 69-year-old Mr Umberto Nardio, the cantankerous boss of Alitalia since 1978.

Mr Nardio deserves credit for having taken a loss-making airline and turned it around on the financial front: last year Alitalia - the world's 10th-biggest airline in terms of passengers carried (14.2m) - made a £75.4bn (\$62.9m) net profit on revenues of £4,007bn.

Mr Verri, was "to provide better service, become less bureaucratic and to open the windows, which have become dirty."



Carlo Verri: first priority is to 'provide better service, become less bureaucratic and to open the windows'

of the difficulties of getting trade union agreement when asked why Alitalia had not yet instituted a shuttle service on the overcrowded Milan-Rome route, Mr Verri said quite simply that "the shuttle is something that has to be launched and I will do everything I can to start it as soon as possible."

and in 1982 wrote his thesis on the European Community at the university there. However, he is a Turinese "by adoption" and spent a good chunk of his career working near Turin for RIV-SKF, the ball-bearing maker that was originally owned by the Agnelli family and is now part of Sweden's SKF.

this month Mr Verri was group managing director of Zanussi, the white goods maker owned by Sweden's Electrolux. In this period he slashed the Zanussi workforce from 19,700 people to 15,000 and brought the company from a £150m loss (in 1984) to a £17.5m profit last year.

Alitalia is, of course, a service company and not a producer of washing machines. However, Mr Verri is confident that "whatever the product, the first thing you have to do is find out what the customer wants, at what price and what conditions, and then give it to him."

eral goal, he says, is to tap the airline's "unexpressed potential for expansion" by improving domestic service and recouping lost ground internationally. In specific terms, he has several key priorities:
- To achieve better industrial relations and reduce conflict with Alitalia's nine trade unions by "meeting, talking and doing."
- To streamline the enormous bureaucracy inside Alitalia, lobby the Government for better transport links to airports and get quicker investment in ground control equipment. "I want Alitalia people to buy sleeping bags and sit in at the doors of ministries to demand co-operation for common sense projects," he declared.
- To find new international airline partners. Mr Nardio began this by signing a marketing deal with United Airlines in the spring. Mr Verri said: "We have to assume that 1989 will bring private competition to Italy," and wants "ventures, not mergers" with foreign airlines.

Al Saudi Banque to be split in two under rescue terms

By George Graham in Paris

THE RESCUERS of the troubled Al Saudi Banque yesterday announced further details of their lifeboat banking group for the French banking group.

has not yet been decided, is expected to be owned 35 per cent by Banque Indosuez, the leading French investment bank which has taken over management of Al Saudi; 30 per cent by Al Bank Al Saudi Al Fransi, Indosuez's 40 per cent-owned Saudi Arabian associate Al Saudi al Fransi; 30 per cent by the Hariri group of Saudi Arabia; and 5 per cent by Thomson.

Lazard to invest in Indian bank

By R.C. Murthy in Bombay

LAZARD BROTHERS of the UK is to take a 25 per cent stake in Credit Capital Finance Corporation (CFC), an Indian merchant bank, the first time the Indian Government has allowed an overseas merchant bank to enter the country's services sector.

Perstorp jumps by 41% to SKr605m

By Sara Webb in Stockholm

PERSTORP, THE Swedish specialty chemicals and plastics group, yesterday reported a 41 per cent jump in profits (after financial items), to SKr605m (\$96m) for the year ended August 31 1988, compared with SKr430m in the previous financial year.

The group invested SKr540m in plants and acquisitions during 1987/88, up 64 per cent on the previous year. Perstorp's surface materials division, its largest business area, reported a 31 per cent rise in sales to SKr1,346bn and, through two acquisitions, strengthened its position as Europe's leading producer of decorative laminates.

CHANNEL ISLANDS
The Financial Times proposes to publish this survey on:
Thursday, 15th December 1988
For a full editorial synopsis and advertisement details, please contact:
BRIAN HERON
on 061 834 9381 (telex 666813)
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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Den Danske Bank
U.S. \$40,000,000
Subordinated Floating Rate Notes due 1990
In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the six months, 11th October, 1988 to 11th April, 1989 has been fixed at 8 7/8 per cent per annum and that the coupon amount payable on coupon No. 13 will be U.S.\$11,217.01
The Sumitomo Bank, Limited
Agent Bank

Apple executive to quit

By Louise Kehoe in San Francisco

ONE OF Apple Computer's top executives has announced plans to leave the company, Mr Delbert Yocam, one of four group presidents at Apple, said he would resign in November 1989, after 10 years with the company.

number two executive at Apple. Mr Yocam, 44, joined Apple in 1979 when it was a two-year-old company with sales of \$48m. Apple is expected to report sales of about \$4bn for fiscal 1988, which ended in September.

£100,000,000
BRADFORD & BINGLEY BUILDING SOCIETY
Floating Rate Notes Due 1998
Interest Rate 12 3/4% per annum
Interest Period 6th October 1988 to 6th January 1989
Interest Amount per £10,000 Note due 6th January 1989 £307.19
Credit Suisse First Boston Limited
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U.S. \$200,000,000
Hydro-Quebec
Floating Rate Notes, Series FV, Due May 2005
Interest Period 5th May 1988 to 7th November 1988
Interest Amount per U.S.\$10,000 Note due 7th November 1988 U.S.\$426.95
Credit Suisse First Boston Limited
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NOTICE OF REDEMPTION
MORTGAGE INTERMEDIARY NOTE ISSUER (No. 1)
AMSTERDAM B.V.
\$50,000,000 Mortgage Backed Floating Rate Notes 2010
NOTICE IS HEREBY GIVEN by Bank of America National Trust and Savings Association as Principal Paying Agent to the holders of the above Notes that, pursuant to the Trust Deed dated 5th February, 1985 under which the said Notes were constituted, outstanding Notes in aggregate principal amount of £1,500,000 have been selected for redemption on 11th November, 1988 at their principal amount of £25,000 bearing the following serial numbers:

Cyprus Airways lifts earnings by 77%
CYPRUS AIRWAYS, the island's national carrier, had a record year in 1987 with net profits of C£3.76 (\$7.8m), up 77 per cent from the previous year, said Mr Stavros Galataridis, chairman, writes our Financial Staff.

PAN - HOLDING Societe Anonyme Luxembourg
As of September 30, 1988, the unconsolidated net asset value per share of USDOL 259,788,642.68 i.e. USDOL 422.42 per share of USDOL 100 par value.

CITY FEDERAL SAVINGS BANK
Collateralized Floating Rate Notes due October 1993
New Rate of Interest 8.475% p.a. Interest Payment Date: January 11, 1989
Interest Payment: \$525,000.00 Note amount: Coupon No. 9
By Citibank, N.A., C.S.I. Dept., Fiscal Agent
October 11, 1988 London, Agent Bank

Notice of Redemption
IRELAND
£50,000,000
FLOATING RATE NOTES 1993
NOTICE IS HEREBY GIVEN pursuant to Condition 6(b) of the Notes Ireland has elected to redeem on November 18, 1988 (the "Redemption Date") all of its outstanding Floating Rate Notes due 1993 (the "Notes") at a redemption price equal to the principal amount thereof plus interest accrued to the Redemption Date. On and after the Redemption Date, interest on the Notes will cease to accrue.

The Hongkong and Shanghai Banking Corporation
U.S. \$400,000,000
PRIMARY CAPITAL UPDATED FLOATING RATE NOTES (THIRD SERIES)
Notice is hereby given that the Rate of Interest has been fixed at 8.75% and that the interest payable on the relevant Interest Payment Date January 11, 1989 in respect of \$5,000 nominal of the Notes will be \$111.81 and in respect of \$100,000 nominal of the Notes will be \$2,286.11.
October 11, 1988, London
By: Citibank, N.A. (C.S.I. Dept.), Agent Bank

U.S. \$100,000,000
Takugin International (Asia) Limited
Guaranteed Floating Rate Notes due 1997
Guaranteed as to payment of principal and interest by The Hokkaido Takushoku Bank, Limited
In accordance with the provisions of the Notes, notice is hereby given, that for the six month Interest Period from October 11, 1988 to April 11, 1989 the Notes will carry an interest rate of 8 3/4% per annum. The interest amount payable on the relevant interest payment date, April 11, 1989 will be U.S. \$451.04 for each Note of U.S. \$10,000 denomination and U.S. \$11,296.01 for each Note of U.S. \$250,000 denomination.
By: The Chase Manhattan Bank, N.A.
London, Agent Bank

Shearson Lehman Brothers Holdings Inc.
U.S. \$300,000,000
Floating Rate Notes Due October 1996
For the three months 11th October, 1988 to 11th January, 1989 the Notes will carry an interest rate of 8.63375 per cent per annum and interest payable on the relevant interest payment date 11th January, 1989 will amount to U.S. \$22.17 per U.S. \$10,000 Note.
By Morgan Guaranty Trust Company of New York, London Agent Bank

INTERNATIONAL COMPANIES AND FINANCE

CCF stake acquired by Taiyo Mutual

By Paul Bette in Paris

TAIYO MUTUAL Life, Japan's sixth largest life insurer, has acquired a 5 per cent stake in Credit Commercial de France (CCF), the French private banking group.

CCF described the Japanese stake as a "friendly investment" strengthening the ties between the French bank and the Japanese life company, which formed a joint investment management company at the end of August.

With 5 per cent of CCF's capital, Taiyo Mutual has joined a series of other foreign investors in the hard core shareholding structure of the French banking group led by Mr. Michel Pichon. The other foreign shareholders include New York Life Insurance, Nikko Securities, Kleinwort Benson, BNP Bank and Westdeutsche Landesbank.

The acquisition appears to have been behind the large trading volume in CCF shares in recent sessions on the Paris bourse.

Mountain move

MOUNTAIN COMPUTER, a privately held California maker of tape-drive equipment, is to be acquired by Nakamichi Corporation of Tokyo for \$45m. AFDJ reports from New York.

Nakamichi will gain access to US retail distribution channels. For Mountain, the move represents a chance to make a strategic alliance with California Peripherals, the original equipment manufacturer that acts as the exclusive distributor for Nakamichi's computer peripheral products.

Keppel takeover

KEPPEL, the Singapore state-controlled shipyard group, has offered to take over the minority of Sim Lim Finance. It does not already own, valuing the company at some \$27.5m (US\$13.5m). Our Financial Staff writes.

Keppel recently gained 51 per cent of Sim Lim through the issue of 4.78m new Keppel shares. It is now offering three new shares for every eight in Sim Lim, or \$41.09 cash.

Idemitsu buys mine

IDEMITSU KOSAN of Japan has acquired the Edmond coal mine in Queensland, AFDJ reports from Brisbane.

Allied Queensland Coalfields in May sold a 49 per cent stake in the mine to the Japanese company for A\$14.7m (US\$11.8m) and said yesterday it had sold the rest for A\$15.5m.

Pacific Dunlop bid

PACIFIC DUNLOP, the Australian industrial group, said yesterday its A\$190m (US\$104m) agreed bid for Nuclens, a medical technology company, had exceeded the 90 per cent acceptance level and would proceed to compulsory acquisition.

Bentley reports from Melbourne. A bid for Teletronics Holdings, Nuclens's 53 per cent associate, remained subject to a 90 per cent entitlement condition.

CRA-North Broken Hill unit to make public share issue

By Chris Sherwell in Sydney

CRA and North Broken Hill, the Australian resource companies which are linking their lead and zinc activities, are to make an issue of shares in Pasminco, the merged unit, in order to broaden its base.

The two groups said yesterday they had agreed in principle to a public issue of about 20 per cent of the capital in Pasminco, and that priority would be given to North and CRA shareholders.

CRA's main shareholder, with 49 per cent of the company, is RTZ of the UK. North Broken Hill merged with Peko-Waddell late last year, and has Elders Resources has a 22 per cent shareholding.

Details of the issue are being finalised with financial adviser Pottier, Partners, part of the S.G. Warburg group.

The establishment of Pasminco is still subject to the authorisation of the Trade Practices Commission, Australia's anti-trust agency. The intention is that Pasminco will control the lead and zinc mining, smelting and international marketing activities of CRA and North, making it one of the largest groups of its type in the world.

When the merger was announced in June, it was envisaged that each company would hold 50 per cent of Pasminco. Now there will be public shareholders and two of Pasminco's eight directors will have no relationship to either CRA or North.

In a separate announcement yesterday, CRA said it was to purchase 90 per cent of Capitol Castings of Phoenix, Arizona, for an undisclosed sum. CRA said Capitol was a foundry-based business, producing corrosion-resistant iron and steel products for the mining and manufacturing industries.

Western Mining is seeking to develop its base metals interests, according to Sir Arvi Farbo, the chairman. Bentley writes from Melbourne.

Sir Arvi, releasing Western Mining's annual report, said of the company's lead and zinc exploration in the Throssell Range of northern Western Australia, "We are looking for a big one... a world class ore body."

The company would also decide in the next two months whether to spend up to A\$370m (US\$295.5m) on a high analysis fertilizer plant at a phosphate deposit near Mount Isa in Queensland.

York Hannover to acquire Coutinho Caro

By John Wicks in Zurich

YORK HANNOVER Holding of Lucerne is to buy Coutinho Caro, the large Hamburg-based trading and engineering company, from McDermott International, the diversified US industrial and construction group, for an undisclosed price.

McDermott had treated Coutinho Caro, an international trading company specialising in steel and non-ferrous metals, as a diversified business since April 1987. Coutinho Caro is also active in plant construction and other building operations. Annual turnover is given as in excess of DM1bn (\$537m).

York Hannover is controlled by Mr. Karsten von Wersebe, a German-Canadian businessman. Its activities include trading operations, real-estate investments and the development of hotels and resorts.

The takeover of the German company will strengthen its position in the trading sector, where it already has stakes in four concerns, two of them also based in Hamburg.

The transaction is also seen as opening up new opportunities for Coutinho Caro in the construction industry, possibly in connection with York Hannover projects in Germany and non-European countries.

Compagnie Financière Michelin, the Swiss financial affiliate of the French Michelin group, is to create SFY197.1m (\$124.8m) in new capital through one-for-four rights issues applying both to its registered and bearer shares.

Further bearer shares may be issued later, either in connection with a convertible or warrant bond transaction or "to profit from any emerging market opportunity."

Spanish challenge for Salomon

Peter Bruce on the search for a buyer of Alcan's stake in Inespal

Salomon Brothers, the Wall Street investment bank, opens a Madrid office this month with a difficult job on its books: finding a buyer for 24 per cent of Inespal, the Spanish state-controlled aluminium holding company.

The stake is being sold by Alcan, the Canadian aluminium giant, which joined Inespal in a restructuring of the industry three years ago. The Government has made it clear it is not in the market for more of Inespal than it already has.

The decision to sell has taken the Spanish by surprise, not least because Inespal, helped by buoyant world aluminium prices, is expected to make record profits this year.

Mr. Fernando Rubio Fernandez, Inespal's chairman, is sanguine about the move, however. "I suppose 24 per cent in a company like Inespal is not very interesting for a company like Alcan," he suggests, and insists it will not make life at Inespal too difficult. Clearly, Inespal management and Alcan have had disagreements. "We have an important relationship with Alcan but our industrial and financial policies are different," he says.

Selling the stake is Alcan's problem, Mr. Fernandez points out, though "we would like the buyer to be connected with the aluminium industry." Reyn-

olds Metals of the US is the one other foreign aluminium company which has a presence in Spain - producing extrusions and foil - but it is not known if that group has shown an interest in Inespal.

The past three years have been dramatic for Spain's aluminium producers. Inespal grew out of a merger in December 1985, when aluminium prices were falling rapidly, of the country's two biggest groups: Empresa Nacional del Aluminio (Endasa), in which Alcan had a 36 per cent stake and which constantly lost money, and the profitable Aluminio de Galicia, where the French producer Pechiney was the majority shareholder.

Pechiney left Spain then, rather than trying to join forces with Alcan, and Alcan's departure will leave Reynolds the only aluminium major in the country.

Inespal has had to contend with a damaging strike that almost crippled its only modern smelter, the 190,000 tonnes a year San Ciprian deep-water facility in Galicia.

Last December a freighter bound from Holland and carrying a toxic cargo burst into flame off the Galician coast. When some of that cargo arrived at the San Ciprian company port for temporary storage, the entire workforce walked out in protest, leaving

ALUMINIUM IN SPAIN

1987	Tonnes
Primary output	
San Ciprian	183,582
Aviles	90,581
La Coruna	78,882
Finished sales	112,500
of which exported	28,500

aluminium to harden in the plant's converters.

The breakdown of the country's biggest smelter forced Inespal to import supplies and it took about five months to return to normal operations. A long court appeal by 130 workers, who were dismissed after the walk-out, sapped management morale not least because the workers won.

Inespal is trying from its insurers to collect the Ptalibm (\$30.4m) the strike cost, and it is confident it will succeed. Even so, the recovery in aluminium prices since the beginning of 1986 has, it seems, helped put the group on target for very good results this year.

Last year's Ptalibm group net profit on a turnover of Ptalibm would have been its first for 10 years had it been operating as a unit for that long. The company is installing a hot mill at its Amorebieta complex near Bilbao, and modernising its Sabhanigo foil

and Alcanite coal mills.

For all that, though, Mr. Fernandez, a former financial director of INI, the state holding group which controls Inespal, readily concedes that his group is not exactly a leader in aluminium technology. "We don't have the technical capacity," he says, "but we haven't just said to ourselves that it will always be like this. Each thing in its time." The priority, he says, is to improve processes and then products.

INI's plans for Inespal are unclear. Normally, a state-owned group becoming profitable in modern Spain would immediately generate speculation about privatisation. That has not been the case with Inespal, and Mr. Fernandez says he does not concern himself with the possibility. The Spanish bourses are already under a lot of pressure to absorb fixations of the Bepol energy group next year and the Iberia airline in 1990, and it may be that Inespal will be allowed to remain at the back of a long queue.

Anyway, the Government is about to get a fairly good idea of how attractive Inespal is as Salomon goes about selling the Alcan stake. A reported asking price of Ptalibm has been roundly denied in Madrid. With aluminium prices potentially close to a peak, no one wants to scare off a buyer.

Brierley and Carter Holt buy UEB Packaging

By Our Financial Staff

BRIERLEY INVESTMENTS (BIL) and Carter Holt Harvey, two of New Zealand's biggest companies, are to create the country's largest packaging group by taking joint ownership of the local UEB Packaging and combining it with Printpac, their existing partnership in the industry.

The purchase is being made from New Zealand Equities, an investment company. No price was disclosed, but the operations are said to have annual sales of NZ\$120m.

Excluded from the deal are a consumer products and bags side and UEB's joint operations with the Australian-owned Kiwi Packaging. Amcor, the leading Australian packaging group, will buy UEB's half of packaging operations previously run jointly between those two companies.

BIL and Carter Holt said their venture would give better flexibility and access to finance.

First Pacific, a Hong Kong investment group, has taken 40 per cent of Stenial, a Philippines maker of cardboard boxes, as part of a venture with local investors valued at 141m pesos (\$6.9m).

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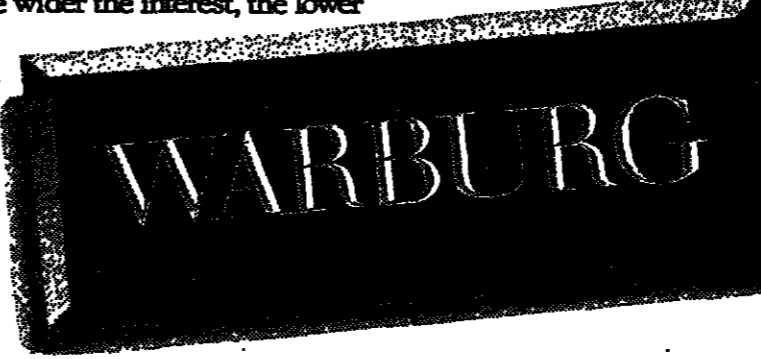
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Secondly, distribution. Our sales teams in New York, Boston and San Francisco have specialized knowledge of non-domestic stocks and developments. Through them, we maintain regular contact with most American investors holding foreign stocks. This, together with our experience of US procedures, allows us to conduct operations in the primary market.

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U.S. \$250,000,000

Republic of Indonesia
Floating Rate Notes Due 1993

Interest Rate	8 1/4% per annum
Interest Period	11th October 1988 11th April 1989
Interest Amount per U.S. \$10,000 Note due 11th April 1989	U.S. \$451.84

Credit Suisse First Boston Limited
Agent Bank

U.S. \$200,000,000

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(Incorporated with limited liability under the laws of the Commonwealth of The Bahamas)

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Ente Nazionale Idrocarburi
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By: The Chase Manhattan Bank, N.A.
London, Agent Bank

October 11, 1988

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday October 10, 1988. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Table with columns: COUNTRY, £ STG, US \$, D-MARK, Yen 1000, and sub-columns for each. Lists various countries and their exchange rates.

Abbreviations: (a) Free rate; (b) Base rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (f) Financial rate; (g) Exports; (h) Non commercial rate; (i) Business rate; (j) Buying rate; (k) Selling rate; (l) Official rate; (m) Parallel rate; (n) Preferential rate; (o) Preferential rate; (p) Parallel rate; (q) Selling rate; (r) Selling rate; (s) Tourist rate. Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 01 634 4360/3.

Monday October 10, 1988

INTERNATIONAL CAPITAL MARKETS

Strong day for sterling helps gilts to advance

By Simon Holberton

UK GILTS closed with gains of up to half a point following a strong day for the pound and signs of foreign demand for stock in the 10-year area. The market was also encouraged by a 0.9 per cent fall in seasonally-adjusted producer input prices and an unadjusted rise in the 12 months to September of 3.2 per cent. A rise in output prices to 5 per cent in this period was seen as reflecting a lagged response to higher input prices earlier in the year.

years or more below 9 per cent. The 9 per cent Treasury 2008s closed around 9 per cent after having traded below that level earlier in the day.

THE BANK OF ENGLAND will this morning hold its first auction of UK Treasury Bills denominated in European Currency Units.

GOVERNMENT BONDS

On Life, the long gilt contract closed at 97 1/2 compared with an opening of 98 1/2 and a close on Friday of 98 1/2. By the close of trading, 20,589 contracts had been traded - a reasonable number by recent experience but down on the levels of the same period a year ago. Dealers said the market had been encouraged by the strength of the pound and general optimism over the outlook for inflation in the wake of weaker oil prices. Yields in the 10-year area are still about 10 per cent and, with the strength of the pound against the D-Mark, some houses reported Continental interest.

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The stronger tone of the market was not, however, enough to sustain yields of 15 WEST GERMAN bunds posted

WEST GERMAN bunds posted

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Red, Price, Change, Yield, and others. Lists benchmark government bonds and their market performance.

London closing, London New York morning session. Yields: Local market standard. Prices: US, UK, J, S, others in local market.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns: US DOLLAR, YEN STRAIGHTS, DEUTSCHE MARK, and others. Lists international bonds and their market performance.

Table with columns: SWISS FRANK, AUSTRALIAN DOLLAR, and others. Lists international bonds and their market performance.

TRADE INDEMNITY CREDIT REPORT SERVICES 01-739 4311

DENSITRON INTERNATIONAL PLC Interim Report 1988 GROUP PROFIT AND LOSS ACCOUNT (Unaudited) for the six months ended 30 June 1988. Includes financial data and highlights from the Chairman's Statement.

AMENDED NOTICE Central American Bank for Economic Integration (CABEI) U.S. \$20,000,000 Floating Rate Serial Notes due 1994 For the six months 11th October, 1988 to 11th April, 1989.

KENYA 25th Anniversary of Independence The Financial Times proposes to publish a Survey on the above on DECEMBER 12TH For a full editorial synopsis and advertisement details, please contact: HUGH SUTTON on 01-248-8000 ext 3238 or write to him at: Bracken House, 10 Cannon Street London EC4P 4BY.

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INTERNATIONAL CAPITAL MARKETS

Sea-change for Austrian privatisation

Judy Dempsey on a shift in emphasis of the Government's share sales programme

Austria's socialist-led coalition Government... The Government is firmly committed to a programme...

of free shares for long-term investors... The Government has given a lot of thought to the way the flotation should be packaged.

Bankers reckon the Verbund sale is the beginning of a sea-change within the Government... Bankers now suggest the Government is beginning to treat privatisation not simply as a tool through which the budget deficit can be controlled...

Indeed, Schöbn of income earned from the Verbund offering will go directly towards subsidising the Government's new technology fund and thus indirectly to the budget deficit, which is now running at Sch70bn a year.

Holiday in Japan and US leads to subdued trading

By Dominique Jackson

HOLIDAYS in Japan and the US were factors subduing activity in the Eurobond market yesterday... The issue was also offered to investors on the basis of a set margin, in this case 135 basis points over the 13% per cent UK Treasury gilt-edged stock of 2004/06.

which Warburg was the arranger and underwriter, as well as a conventional domestic bond issue... The issue was also offered to investors on the basis of a set margin, in this case 135 basis points over the 13% per cent UK Treasury gilt-edged stock of 2004/06.

Three public issues in the Swiss franc market met a warm reception yesterday... Credit Suisse led two - a Sfr125m 10-year deal for French government guaranteed Calesse Centrale de Co-operation Economique and a Sfr200m 10-year deal for the European Investment Bank.

INTERNATIONAL BONDS

interest payments, designed to appeal to investors offshore... The issue, which reportedly provided the Halifax with an extremely attractive cost of funds, saw steady interest from a wide-ranging investor base and is expected to benefit from the tightness of supply in the longer dated end of the sterling-denominated bond market.

Société Générale led the first 10-year Canadian dollar issue since early June, a deal pitched at 10 1/4 per cent and 10.45 for the Province of Quebec which was increased to a total of C\$250m from an original C\$200m.

IADB and EC sign accord on Latin America

By Our Financial Staff

THE Inter-American Development Bank (IADB) and the European Community have agreed to strengthen co-operation aimed at encouraging and supporting private European investments in Latin America.

Co-managers earn higher fees

By Norma Cohen

LEAD MANAGERS of Eurobonds are increasing the fees they pay to co-managers who help sell them, according to figures from the International Primary Market Association.

At the meeting, the IPMA elected a new chairman, Mr Michael von Brentano, managing director of Deutsche Bank Capital Markets, replaces Mr Armand Matté, of UBS Securities, who has held the post for two years.

Former minister to head Spanish SE commission

By Our Financial Staff

MR LUIS CARLOS CROISSIER, Spain's former socialist minister of industry, is to head the country's new stock exchange regulatory commission.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Book runner. Includes entries for Canadian Dollars, Australian Dollars, Sterling, D-Marks, Swiss Francs, and Eurobonds.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: Index No., Day's Change, % Change, etc. Lists various equity groups and sub-sections.

LONDON MARKET STATISTICS

Table with columns: Rises, Falls, Same. Lists various market categories like British Funds, Corporate Bonds, etc.

LONDON RECENT ISSUES

Table with columns: Issue, Amount, Price, etc. Lists recent bond and stock issues.

FIXED INTEREST STOCKS

Table with columns: Issue, Amount, Price, etc. Lists fixed interest stocks.

RIGHTS OFFERS

Table with columns: Issue, Amount, Price, etc. Lists rights offers.

LONDON TRADED OPTIONS

Large table with columns: Option, Calls, Puts, etc. Lists various traded options.

FIXED INTEREST

Table with columns: Price, Index, etc. Lists fixed interest rates and indices.

TRADITIONAL OPTIONS

Table with columns: Issue, Amount, Price, etc. Lists traditional options.

Financial Times, London. Various legal notices and publication information.

INTERNATIONAL COMPANIES AND FINANCE

Sara Lee wins approval to purchase Bic stake

By Our Financial Staff

MR PIERRE BEREGOVY, the French Finance minister, said yesterday he has given the go-ahead for the sale of a stake in Société Bic's Dim stockings and underwear subsidiary to Sara Lee, giving the US foods and consumer products group majority control.

Bic agreed in principle in January to sell the 31 per cent stake in Dim to Sara Lee this year for FF200m (\$47m). Sara Lee already held 23.9 per cent of the company.

The Government had with-

held its accord on the January agreement until it received guarantees that Dim would maintain its manufacturing activities in France.

Mr Marcel Rich, Bic's chairman said in May that part of the French textile industry was putting pressure on the French government to keep Dim French.

Dim has 12 factories in France employing about 5,000 people. In 1987 the group posted a net profit of 65m francs on turnover of 1,362m.

Under the deal agreed earlier this year, Sara Lee agreed to pay FF641 per share for Dim. Full conversion of a FF200m bond issue made by Dim last April and subscribed for by Sara Lee would bring the US group's stake to 61 per cent. Bic retains 37 per cent control over the stocking-maker.

Bic shares were quoted yesterday FF14 up at 844. FF200m shares are only quoted on the Paris over-the-counter market. They were last quoted on September 30 at FF750 each.

Credit Lyonnaise in capital notes issue

By George Graham in Paris

CREDIT LYONNAISE, the third largest French bank, is to issue \$50m of capital notes.

These notes, paying London Interbank Offered Rate (Libor) plus 1.05 percentage points for the first 15 years of their life and nothing thereafter, are subordinated to the last rank of creditors and are non-cumulative in the event of the non-payment of interest. The bank said they therefore formed the category of paper closest to equity.

Along with many other French nationalised companies, Credit Lyonnais has reached the limit of 25 per cent of its capital issued in the form of certificates of investment, or non-voting shares.

Without a change in French law or its privatisation, it cannot raise new equity capital, but the bank has said that it will need to raise FF300-400m in the capital markets if it is to finance its planned rate of growth and comply with new bank prudential ratios.

The issue has been bought in its entirety by Merrill Lynch, which will place it in the international markets. Merrill also handled the recent complex issue of FF4.5bn of perpetual subordinated paper for Rhône-Poulenc, the French state-owned chemicals group.

UK single property schemes under study

By Paul Chesswright, Property Correspondent

THE PROPOSED new market for single property schemes in the UK is likely to be best suited to the needs of institutional and professional investors during its initial stages, according to a study of property utilisation prepared by the College of Estate Management in England.

For private investors, unit trusts specialising in the schemes could be established, the study suggests.

After several years of discussions and drafting of regulations, the first issues of securities giving investors a stake in a single building are likely to be floated on the London Stock Exchange in late December of this year or possibly early in 1989.

It is widely expected that the first issues will probably be property income certificates, which would entitle the holders to a portion of the rental income from a building and a share in the management company which would be set up to run that particular building.

But the study warns that the new market is unlikely to take off or be successful if the initial performance of new issues is poor.

Drawing lessons from Australia and the US, Mr Bill Maxted, the author of the study says "It is important in the UK that the proposed schemes are not similarly tarnished soon after their

introduction by any unsatisfactory flotations. The initial value of the properties before flotation must be seen to be regarded by the market as reliable."

This injunction relates both to the quality of the properties floated on the market and the ability of the managers of those properties to increase the income stream from them.

"Single property schemes, where the property is let to one tenant on a lease with infrequent rent reviews, does not provide an opportunity for entrepreneurial management," Mr Maxted warns.

Thus the best properties to encourage trading in the securities will be large and multi-tenanted. Shopping schemes and complexes fall into this category.

One of the objects of creating the new market is to introduce greater liquidity into the property market. Mr Maxted is confident that this will be achieved, although he notes that there may be a change in the traditional perception and intention of purchasing property as a long-term investment.

"A listing seems to make property a hybrid investment vehicle in that it exhibits both property and equity investment characteristics," he says.

Utilisation of Property by Bill Maxted, College of Estate Management, Whiteknights, Reading RG6 2AA, 228.

Air Europe builds up services and its corporate identity

By Michael Donne, Aerospace Correspondent

AIR EUROPE, part of Mr Harry Goodman's International Leisure Group which is now building up a network of European scheduled air routes out of Gatwick Airport, is to introduce a new Business Class service from October 24. This will feature special cabins with improved seating, separate check-in facilities, improved in-flight service and special airport lounges.

Initially, the new class will be offered on flights to Paris and Brussels, extending to Munich and Geneva on November 1, with increased flight frequencies to Palma and Gibraltar. From next spring, it will be introduced on new scheduled routes to Oslo, Stockholm, Rome, Barcelona and Malaga.

Air Europe will also be offering competitive fares on the Paris route - £22 (£154.50) single compared with £109 on British Airways and Air France.

By early 1990, Air Europe expects to be operating more than 30 scheduled services a day from Gatwick to European Continental points, compared with 17 services at present.

The airline is also expanding its fleet and by next summer plans to have 13 Boeing 737s on its European scheduled services. Also, Air Europe will change its handling agent at Gatwick to ServisAir enabling it to introduce its own identity with dedicated check-in areas and departure gates.

Mr Goodman said that "we have always promised that we will have a very high standard of scheduled services at prices significantly below our competitors. We are now delivering that promise."

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These Securities having been sold, this announcement appears as a matter of record only.

New Issue

BNP

Banque Nationale de Paris

Can. \$100,000,000

10 3/4% Notes due 1991

Issue Price: 101 1/4%

ScotiaMcLeod Inc.	BNP Capital Markets Limited
Chase Investment Bank	Credit Suisse First Boston Limited
Generale Bank	Merrill Lynch International & Co.
J.P. Morgan Securities Ltd.	

Banque Bruxelles Lambert S.A.	Banque Internationale à Luxembourg S.A.
Cera-Spaarbank	Crédit Agricole
Prudential-Bache Capital Funding	Algemene Bank Nederland N.V.
ASLK-CGER Bank	Bank of Montreal Capital Markets Limited
Dresdner Bank Aktiengesellschaft	Manufacturers Hanover Limited
Nomura International Limited	Société Générale
Banque Générale du Luxembourg S.A.	Banque de Luxembourg S.A., Luxembourg
Crédit Lyonnais	Daiwa Europe Limited
Hambros Bank Limited	Kredietbank International Group
Rabobank Nederland	Shearson Lehman Hutton International

September 1988

A FINANCIAL TIMES MAGAZINE

WINNING THE PENSIONS RACE

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Looking to re-locate? Here's a list of all the cities on the south coast with Government Assisted Area Status.

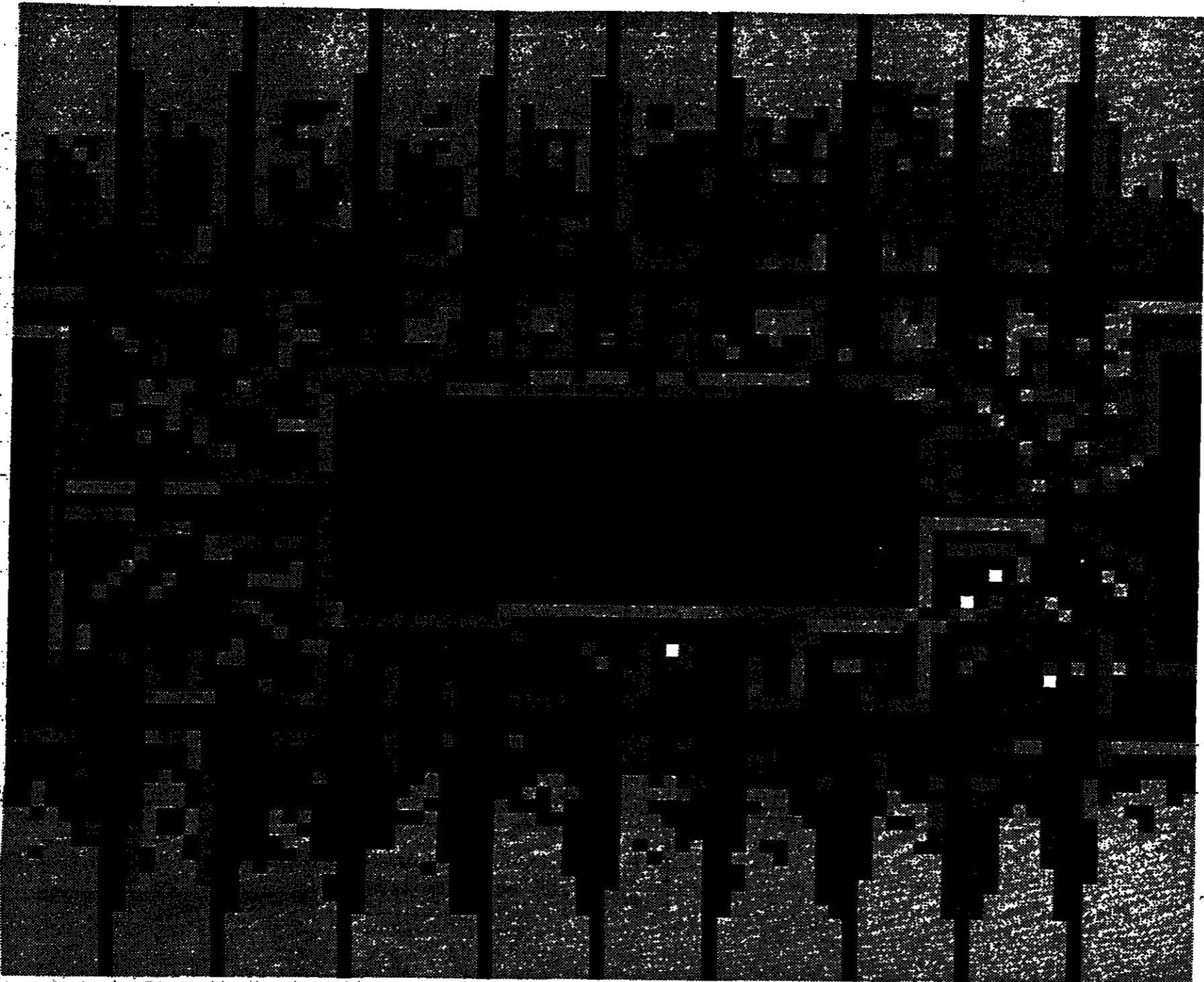
PLYMOUTH, PLYMOUTH, PLYMOUTH, PLYMOUTH, PLYMOUTH, PLYMOUTH and PLYMOUTH.

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PLYMOUTH

The City Estates Dept.
City Centre, Plymouth PL1 1W

SIEMENS



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UK COMPANY NEWS

Diversifying property developers report successful first-half results
No surprises as LET rises 43%

By Paul Cheeseright, Property Correspondent

LONDON & EDINBURGH Trust, property development and investment group which has been diversifying into financial services, yesterday announced interim profits sharply higher yet broadly in line with market expectations.

Although this immediately added 2p to the share price, the rise in a flat market was not sustained. The price slipped back to its overnight level of 155p.

Pre-tax profits for the six months to June were £22.2m, 43 per cent higher than the £15.57m earned in the same period last year. Earnings per share rose to 7.15p from 5.5p.

Brokers are predicting full-year pre-tax profits of about £28m, compared with £24.6m in 1987 and a net asset value per share of about 170p against 97p at the end of 1987.

Shareholders will receive an interim dividend of 1.5p, double that at the halfway stage in 1987. Mr John Beckwith, chairman, said: "The board intends to recommend maintaining a similar rate of increase in dividend for the full year and thereafter to adjust the dividend in line with growth in earnings per share." Last year's final was 1.25p.

LET's pre-tax profits were boosted by a threefold rise in net rental income to £7.4m. This partially reflects the acquisition of the industrial and commercial assets of Washington New Town. But the group has also been holding more of its office and retail developments.

The larger part of the develop-

ments profits in the first half came from Paris projects, but the group's domestic programme will contribute strongly in the second half with profits from projects in central London, London's Docklands, Leicester and Southampton.

There should also be a profit of around £6m from LET's interests in financial services, where the main vehicles are Rutland Trust and BKR Financial. Mr Beckwith said that financial services would account for a quarter of group profits.

LET has recently been engaged in a programme to protect itself from interest rate increases. Through Goldman Sachs, the investment banks, it has converted about 60 per cent of its £142m medium-term

debt to fixed interest. Current gearing is 40 per cent.

Over the longer term, it seems likely that overseas property interests will play an increasing role in LET profits. The group has obtained planning permission for a 400,000 sq ft shopping centre outside Madrid. Ventures in Germany will make a profit contribution in 1989.

LET's share price has moved sluggishly since the equity market crash a year ago, against the background of a market preoccupation with asset rather than earnings accumulation. This lies behind Mr Beckwith's formal statement that: "It is the objective of the directors to achieve a balance between growth in earnings per share and growth in net asset value per share."

See Lex

Business parks lift Arlington to £3.04m

ARLINGTON SECURITIES, the property group specialising in business parks but with a growing retail development programme, doubled its profits in the first half of 1988, writes Paul Cheeseright.

Pre-tax profits for the six months to the end of June were £3.04m compared with £1.5m in the same period of 1987. But this is not a reflection of the company's prospects for the whole year. Arlington draws in most of its profits in the second half. Whole year pre-tax profits for 1987 were £14.65m.

The board "has reason to anticipate another satisfactory

result for the full year," Lord Keith of Castletore, chairman, told shareholders.

First-half earnings per share were 2.5p (1.73p), and the directors have declared an interim dividend of 1.5p compared with 1.2p at this time last year and full-year payments for 1987 of 4p a share.

On the market, where trading was less than exciting, the shares rose 2p to 151p.

The group, which recently went into the market with a cumulative preference issue to raise funds for further expansion, has six business parks under development, of which five - Newbury, Frimley,

Solems I and II at Fareham, Aztec West near Bristol and Birmingham - are revenue producing.

The sixth park, at Reading, has just started construction. In addition and subject to planning consents, there should be earnings from projects at Gatwick, Gloucester and Portway, south of Birmingham, over the medium term.

But profits from retail property should this year begin to make a telling contribution.

See Lex

Select Appointments final tranche

Select Appointments (Holdings) is paying £6.24m cash and issuing a further 1.07m new ordinary shares as the final tranche of the consideration for Morgan & Banks Group.

M&B achieved pre-tax profits of A\$8.68m (£4.06m) for the year to June 30 and therefore the maximum consideration of £15.48m is payable. M&B specialises in executive recruitment in Australasia.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the sub-division shown below are based mainly on last year's finalities.

Company	Date
Adrian Brothers	Dec 8
Brit Island Airways	Oct 17
BSA	Nov 16
Frederic Atkin	Nov 16
John Rubber	Oct 14
London & Lancashire Trust	Oct 14
Manpower UK & Gen	Oct 15
Petrolway Services	Oct 14
Shochi Tea	Oct 12
CI Holdings	Oct 12
Capital Radio	Nov 17
Planning Japanese Inv Yd	Oct 13
Telecom	Oct 12
Top Home	Oct 12

Broker penalised by Panel on Ruberoid

By Andrew Hill

THE Takeover Panel yesterday forced Smith New Court, the stockbroker, to make amends for breaching the Takeover Code at a sensitive stage of the bid for Ruberoid, the roofing materials group, by house-builder Baine Industries.

Smith New Court acted as market-maker for Ruberoid and is therefore exempt under the terms of the code from carrying out dealing which would assist the company.

According to Baine's adviser, Barclays de Zoete Wedd, Smith New Court sold 1m Ruberoid shares - about 2 per cent of Ruberoid's equity - to Tarmac, the building materials and construction group, on September 8. The shares were part of a tranche picked up by Tarmac as a prelude to announcing an agreed £141.3m cash bid for Ruberoid two days later.

Yesterday Smith New Court had to buy 1m Ruberoid shares in the market at about 260p, and sell them on to Baine's associate company, Woodstock, at 254p, matching the terms of Baine's cash alternative.

The Panel would not comment yesterday on the sequence of events which led to the breach, and said it was continuing to discuss the matter with Smith New Court.

As a result of the Panel ruling, Baine has now received acceptance of its 20p-a-share bid representing about 51.3 per cent of Ruberoid's listed capital. The stockbroker could have lost an estimated \$28,000 as a result of the enforced deal.

Because the cash alternative has already closed, Smith New Court may also have to accept 2m Baine shares if the house-builder's cash-and-shares offer is declared unconditional, at a price of 97p, against yesterday's closing price of 85p.

Baine is hoping that Tarmac's cash bid - at 260p a share - will be referred to the Monopolies and Mergers Commission.

Tarmac's position is unchanged. The group still owns or has received acceptance of its bid representing 51.1 per cent of the target's share capital.

Weaker dollar holds Attwoods back to £14.7m for full year

By Andrew Hill

ATTWOODS, which collects and disposes of 14,000 tonnes of waste every working day, increased pre-tax profits by 24 per cent to £14.7m in the year to July 31, compared with £11.8m in 1986-87.

The weaker US dollar reduced profits at this acquisition waste management and quarries group by £1.7m, but Mr Ken Foreman, chairman, said pre-tax profits expressed in local currency had risen by 43 per cent in the US.

About 71 per cent of group turnover - which rose from £23.2m to £21.6m - and 77 per cent of pre-tax profits come from the US.

Existing businesses increased profits by 17 per cent and turnover by 19 per cent, and earnings per share rose from 22.6p to 23.2p.

About 28 per cent of group turnover - which rose from £23.2m to £21.6m - and 77 per cent of pre-tax profits come from the US.

Existing businesses increased profits by 17 per cent and turnover by 19 per cent, and earnings per share rose from 22.6p to 23.2p.

About 28 per cent of group turnover - which rose from £23.2m to £21.6m - and 77 per cent of pre-tax profits come from the US.

Existing businesses increased profits by 17 per cent and turnover by 19 per cent, and earnings per share rose from 22.6p to 23.2p.

collection and incineration subsidiary, had benefited from increased media coverage of the problems of toxic and medical waste disposal in the US, and had doubled revenues and profits during the year.

The group, which is also quoted on NASDAQ in the US, is now considering further acquisitions there, increasing its geographical coverage by adding to established operations on the east coast. The company claims to be the fourth largest in the US, with more than 10,000 smaller businesses competing for two thirds of a market estimated at \$20m (£11.6m). Attwoods received \$12m of revenue last year, against \$12m in the previous year.

Attwoods, which has Mr Denis Thatcher as deputy chairman, is also likely to compete for waste collection contracts being put out to tender by local councils in the UK. Local authorities account for about 80 per cent of the country's collection business.

The company is recommending a final dividend of 5p, making 7p (5p) for the year.

COMMENT

Followers of Attwoods must be wondering whether there is a hidden flaw in the company's recent growth. Mr Foreman is confident that there is not. "We'll collect and dispose of anything," he says simply. Price seems to be the only important distinction between rival waste managers, so perhaps Attwoods is lucky to have escaped a bloody price war so far. On the other hand, the group's growing presence in the US means that it can cut costs if necessary, for example by more efficient operation of its 700 US garbage trucks. In so far as there is any value to be added to the business, Attwoods is prepared to add it, moving into medical waste disposal, and preparing to launch its mobile toxic waste incinerator on the European market. Analysts are looking for pre-tax profits of £24m or £25m this year, putting the shares, which closed up 2p at 264p, on a prospective multiple of about 12, a premium to the market, but a discount to other UK quoted competitors.

March to pay £1.25m for fellow racing car maker

By John Griffin

MARCH, the racing cars and engineering group which has seen profits fall sharply since joining the Unlisted Securities Market last year, is buying another racing car maker for £1.25m.

Rail Holdings and its subsidiary Rail Cars are being acquired to broaden the base of March's racing car manufacturing activities. One objective is to turn March into the world's largest maker of international formula racing cars, according to Mr John Cowan, chairman of engineering group United Industries who also took over March's chairmanship from founder Mr Robin Herd in August.

The acquisition, to be made from March's "existing resources," comes at a time of major upheaval on March's Board. The expected resignation of Mr Malcolm Shaw, finance director, later this

week would leave Mr Herd as the only board member from the time of the USM debut.

Mr Herd, who has a 30 per cent stake, has offered the chairmanship to concentrate on March's return to Grand Prix racing.

Two months ago March reported first-half pre-tax profits of £113,000 on turnover of £7.48m, compared with £230,000 on turnover of £7.88m. Mr Cowan, who warned that there would be no improvement in the second half, blamed sharply reduced revenues from the lucrative IndyCar market.

Rail is headed by Mr Ron Tauranac, former Brabham chief, who will remain on a three-year rolling contract. It produces some 50 racing chassis per year.

March's IndyCar fortunes could revive next year, as the result of an expected collaboration with Porsche.

Further clash between Meyer and Travis

MEYER INTERNATIONAL, timber and builders' merchant, clashed again yesterday with Travis & Arnold, the builders' merchant, for which it has launched a £213m bid.

Meyer, which owns 28.95 per cent of Travis, and has acceptances in respect of 0.49 per cent, described Travis's position as "untenable." Travis favours a merger with builders' merchant Sandell Perkins.

Sandell is offering eight Sandell shares for every five Travis, plus a special dividend of 15p per share. The first closing date is today. On the basis of Sandell's closing price of 282p, that values each Travis share at 455p, compared with the market price of 576p and the Meyer cash offer (with a convertible preference share option) of 600p.

Sandell has acceptances from 43.2 per cent of Travis holders. The first closing date for the Meyer bid is October 15.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corres. - pending dividend	Total for year	Total last year
Arlington Secs	1.8	-	1.2	-	4
Attwoods	1.5	Jan 31	4.5	7	8
Barrows	0.75	-	-	-	0.75
Chillingham Cor	1.3	Dec 30	2.8	-	-
Dauphin	1.7	Nov 17	1.15	-	3.55
Densiron Int	0.7	Nov 25	0.55	-	1.8
Goodwin	0.6	-	0.4	0.6	0.4
High-Point	3.75	-	2.75	6.75	4.5
ISA Int	0.45	Nov 30	-	-	0.27
Lanca	0.75	-	-	-	1.1
London/Edin Tr	1.5	-	0.75	-	2
Medminster	2.5	Jan 6	1.687	3.687	2.57

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶Third market.

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DSM

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UK COMPANY NEWS

Pilgrim purchase opens up the road of progress

Nikki Tait on fast-expanding Williams Holdings latest acquisition

A deal remarked Brian McGowan, chief executive of Williams Holdings, cheerfully about the company's recent Berger paints purchase, "it was almost as good as SCM."

SCM, of course, was the \$350m acquisition which Hanson made in 1986, and which quickly proved to be one of the giant conglomerate's most successful transactions.

Hanson Financing utilised the company's cash balance (currently put at \$65m-£70m), some additional borrowing, and a \$42.5m vendor placing.



Brian McGowan: It's the amateurs I dread

able in size and account for almost 40 per cent of pre-tax profits, compared with 17 per cent previously.

Geographically, too, Williams argues that the transaction - again with the Kilde interests - will raise overseas exposure in line with declared policy.

Carably, with a \$900m market capitalisation the company has progressed a long way from the tiny Welsh metals group into which Nigel Rudd, now chairman of Williams, and McGowan moved in 1982.

The deal was not smooth. Some weak trading results and problems in a West German subsidiary were unmentioned at Burges, suggesting a \$2m profit shortfall on the \$11m expected in the year to July.

That said, in the words of McGowan, "all bets are off" from October 15 - with either Hanson or Pilgrim free to renegotiate walk away or simply extend the completion date.

But, while the Kilde businesses are obviously a key factor in the PHG deal, Williams makes clear that the rationale for the basic deal is in no way dependent on the outcome here.

But the deal appeared no less welcome by analysts for that. However good the Berger deal was short-term, hefty paint interests did little to improve the longer-term rating, and even the expansion of the consumer interests when brakes were being applied to spending generally, raised the odd question-mark.

"It's not entirely surprising," commented one fairly enthusiastic analyst yesterday. "It brings in higher growth engineering areas, so you haven't got the paint dragging things down."

Falcon faces litigation threat

MR RONNIE MONK, the re-elected chairman of Falcon Resources, oil company, faces an immediate challenge from Venturelarge, the investment group which Mr Monk defeated at an extraordinary general meeting last week.

US courts, with a view to holding up the insolvency case. The dispute seems likely to mean further delay for Falcon shareholders who have been unable to sell their shares since dealings were suspended back in October 1988.

tion that he might be making a comeback - his Jessel Securities empire collapsed in the wake of the 1974 crash - but Mr Jessel has consistently denied any such intentions.

LMS against Carless bid plan

LONDON MERCHANT SECURITIES, the largest shareholder in Carless, yesterday said that it intends to vote against the oil company's proposed \$90m takeover of Ryan International, opencast coalition and recovery group, at Friday's meeting of shareholders.

Last night, Mr Robert Rayne, LMS director and a nominated director on the Carless board, maintained that at the outset LMS had not been fully aware of all details and projections involved in the offer.

Mr Ian Clubb, Carless chief executive, pointed out that an LMS representative had been present at the board meeting which approved the Ryan deal and that he had been given details of the planned purchase in advance.

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Wood's year... other clash between Meyer and Travis

UK COMPANY NEWS

KIO sells 4.5m ESI shares to Caledonia

By Vanessa Houlder

THE Kuwait Investment Office has sold half its 10.5 per cent stake in English & Scottish Investors, an investment trust, to Caledonia Investments, the investment group controlled by the Cayzer family.

The acquisition of 4.5m shares has brought Caledonia's stake in ESI up from 25.4 per cent to 32.9 per cent — the maximum it can buy without triggering a bid. Mr Paul Myers, chairman of Gartmore Investment Management which manages ESI, said that

Caledonia's stake was a friendly holding. Caledonia was until last year the dominant minority shareholder in British & Commonwealth Holdings which owns Gartmore Investment Management.

The KIO's sale was thought to be part of a general reduction in its exposure to investment trusts. A legal adviser to the KIO said he thought it was most unlikely to be connected to the storm over the forced sale of half of the KIO's BP stake.

Davy in \$13m joint venture disposal

By Vanessa Houlder

DAVY CORPORATION, engineering and construction group, yesterday announced the sale of its 49.2 per cent stake in Seneca, a UK manufacturer of retailers' security tags.

Davy has sold its stake for \$13.3m (£7.83m) cash to Seneca's other shareholder, Florida-based Sensormatic Electronics Corporation. Sensormatic, which set up Seneca with Davy in 1974, claims to be the world market leader in electronic surveillance equipment.

Sale of Telfos stake hits first half at Chillington

DISPOSAL OF the company's investment in Telfos Holdings contributed to the reduction in pre-tax profits at the Chillington Corporation, plantation and engineering group, in the first six months of 1988.

The taxable figure fell to £1.87m (£2.04m). Prior to the disposal, Telfos had contributed £900,000 at the pre-tax level. Profits of £705,000 from the sale of the balance of the Telfos holding will be included in the second half.

Chillington's turnover, however, was ahead 45 per cent to

£33.57m. This advance was largely due to the inclusion of Overseas Farmers Group, acquired in October 1987.

Earnings per share increased to 8.3p (8.8p) basic and 4.5p (5.6p) fully diluted. The directors have raised the interim dividend to 3p (2.6p) and, in the absence of unforeseen circumstances, intend to recommend a final of at least 4.7p (4.4p).

Mr Martin Nightingale, chairman, said the group had made a promising start to the second half and prospects remained good.

IMI acquires Belgian distributor for £5.2m

By Clare Pearson

IMI industrial group, has paid \$5.2m in cash for a Belgian distributor of fluid power products produced by its subsidiary, Norgren Martonair.

Dr Trevor Lamb, director in charge of fluid control activities, said the purchase of privately-owned Martonair Belgium completed Norgren Martonair's manufacturing and distribution coverage in Western Europe for the time being.

Dr Lamb said he expected Martonair Belgium, with annual turnover of \$5.5m, to

make pre-tax profits of about £1.5m after acquisition. Last year it made about £1.25m, he said.

IMI announced last week that its Yorkshire Fittings offshoot had acquired two copper fittings companies in West Germany and France, for a combined \$5.5m.

Fluid control, one of IMI's fastest growing areas, lifted trading profits from \$14.2m to \$16.7m in the six months to end-June. Group pre-tax profits came out at \$45.5m.

AGB bid unconditional

By Clare Pearson

PERGAMON Professional and Financial Services, chaired by Mr Robert Maxwell, has declared unconditional its £134m recommended takeover bid for AGB Research, market research group.

per cent (17.56m) of the convertible preference shares.

It and associated companies owned an additional 28.67 per cent of the ordinary, and 0.97 per cent of the preference shares. The offer is extended until further notice.

Pergamon PF&S said that by last Friday afternoon it had received acceptances in respect of 59.98 per cent (26.27m) of AGB ordinary shares and 70.51

The agreed bid upstaged a rival offer from MAL financial and advertising group, when it was announced at the end of August.

Midsummer Leisure £2.2m expansion

By Clare Pearson

MIDSUMMER Leisure, the expanding pub, snooker and discotheque company, is adding to its East Midlands-based contract services division with the £2.15m purchase of Nottingham sign maker L.V. Pannell and its subsidiary Greenway.

The bulk of the consideration is being satisfied by a vendor placing of 1.2m new ordinary shares. But there will also be a payment of £100,000 in cash, and an issue of £36,000 worth of new shares.

The vendors have warranted pre-tax profits of at least £275,000 for the 12 months to the end of last month. The pre-

vious year's £2,215 pre-tax profits, on £2.54m turnover, were depressed by capital investment.

Mr Alan Page, Midsummer's chairman, said 60-year-old L.V. Pannell was well-respected in the East Midlands area, with an impressive client list. The head of Midsummer's contract services division was formerly Pannell's general manager.

Midsummer has been spending heavily on acquisitions this year, notable deals being the \$5.6m purchase of Bruce's Brewery in March, and the \$7.5m acquisition in August of Maygay, an amusement machines concern.

KCA hit by difficult trading and weak dollar

DIFFICULT trading conditions, aggravated by a weak dollar in the early part of the year, resulted in profits of the KCA Drilling Group falling by \$284,000 to \$3.3m pre-tax for the first half of 1988.

However, interest was reduced to \$383,000 (\$26,000) due to a continued strong cash flow and tax remained low at \$125,000 (\$247,000) due to the availability of allowances in the UK.

Turnover was lower at \$11.62m against \$13.52m for operating profit down to \$2.44m (\$3.55m). Earnings per share came out at 8.3p (9.15p).

Following a capital reorganisation in March the group, a 75.53 per cent-owned subsidiary of Rossmore, is in a position to pay dividends but the directors believe that with trading conditions expected to remain difficult, any decision regarding the level of dividend should be deferred until the full results were known.

Diversification at Lanca pays dividends

Lanca, the handbag and clothing manufacturer and importer, yesterday unveiled a 41 per cent expansion to \$282,000 in pre-tax profits for the first half of 1988.

The increase from \$241,000 was posted on turnover 38 per cent higher at \$5.97m (\$5.35m). After tax of \$218,000 (\$190,000) basic earnings per share were 2.5p (2.56p). An interim dividend of 0.75p is proposed — the first such payment since the group's shares were listed in 1980.

Medminster rises

Medminster increased its profits before tax from \$281,454 to \$1.11m on turnover of \$2.42m ahead at \$15.18m for the year ended June 30 1988. The group is raising its dividend for the year by 1.1p to 2.85p via a final of 2.5p. Earnings were lifted through at 8.70p (7.41p) per 10p share.

Densitron doubled on continued organic growth

CONTINUED organic growth in all its geographic areas helped Densitron International, electronic components manufacturer and supplier, report taxable profits more than doubled to \$266,000 in the six months to June 30.

Turnover expanded by 25 per cent from \$2.82m to \$3.52m. Higher interest charges of \$224,000 (\$97,000) included \$91,000 incurred in protecting forward rates of exchange. Mr Cliff Bardcastle, chairman, said increasing stability in international financial markets would enable the company to "fine tune" its cover more accurately with a consequent reduction in costs.

Mr Bardcastle said that European sales had been particularly strong with significant growth in France and West Germany. Operations in Asia, although affected by the strong yen, had seen new alliances with Japanese companies, while US activities reported increased sales and orders.

On future prospects, Mr Bardcastle stated: "Growth has come from new product innovation. We are committed to state of the art technology and currently have several new products coming onto the market which should make an impact during 1989."

After tax of \$262,000 (\$176,000), earnings per share increased to 2.59p (1.37p). The interim dividend is lifted from 0.55p to 0.7p.

At the same time, Davy has helped the Eureka Division of Seneca and Seneca's wholly-owned US subsidiary Eureka Systems for \$1.3m (£786,000) — a sum that equals their net asset value.

The Eureka companies are involved in the manufacture of programmable intelligent coded tags, which are devices developed over the past four years with uses that range from animal feeding systems to automated production lines. The Eureka products are compatible with the automation and control systems being developed by Davy companies.

Seneca made pre-tax profits of \$1.57m for the year to March 31 1988, at which date it had a net asset value of \$2.52m.

COMPANY NEWS IN BRIEF

ALLIED IRISH BANKS: Some 94.1 per cent of the recent rights issue was taken up. 61.4m shares were allotted and 57.8m were applied for.

CALA is acquiring the 25 per cent of Maresbrook Properties it does not already own. Total consideration is about \$700,000, made up of 172,418 new ordinary and about \$500,000 in cash.

W GANNING has acquired 75 per cent of the share capital of Santos del Valle and Semitronic, both engaged in the distribution of electronic components and operating principally in Madrid and Barcelona. Initial consideration is about \$1.9m for the businesses with a further payment in 1990 based on profit performance.

DOBSON FARM INDUSTRIES is acquiring a 32 per cent stake in Datsator and has granted an option to acquire the balance of the capital within one year. Consideration of \$200,000 is to be satisfied by \$150,000 cash and 105,500 shares. Datsator makes electronic touch and process controls.

Goodwin ahead

Goodwin, engineering and metal processing company, ended the year to April 30 with pre-tax profits of \$320,000, against \$31,683 at the halfway stage.

Turnover rose 31 per cent from \$5.41m to \$7.08m. Earnings per 10p share were 2.8p against 1.2p losses. The dividend is raised to 0.6p (0.4p).

The directors said that orders were disappointing towards the end of the year.

SEP to Europe

SEP Industrial Holdings, USM-quoted trading and distribution group, has moved into Europe through a joint venture in France with three European fastener distributors.

SEP is investing in the region of \$0.75m in Euro Vis, which aims to attack the continental industrial fasteners and socket screws market, estimated to be worth about \$150m annually. The move follows SEP's acquisition earlier this year of US group American Socket Screw.

Barlows rises

Rental income sharply increased from \$55,000 to \$693,000 and a profit of \$255,000 on disposal of trading properties enabled Barlows, property investment group, to lift pre-tax profits from \$11,000 to \$275,000 in the six months to end-June.

Earnings per 10p share rose to 1.71p (0.25p). A maiden interim dividend of 0.75p is declared.

In July the company bought a portfolio of 13 properties from Norwich Union Life Insurance for \$10.5m. All have since been sold at a satisfactory profit.

Bentley's

Bentley's Piccadilly, theme restaurant group, has requested the appointment of receivers following problems arising from recent acquisitions and the breakdown of the group's computerised management and financial systems. Receivers are holding talks with potential purchasers of the company.

Tharsis rises

Tharsis, a pyrites exporting and land development group, increased pre-tax profits 66 per cent from \$235,000 to \$378,000 for the first half of 1988. The advance was struck on turnover reduced from \$2.62m to \$2.28m.

Earnings per share advanced from 7.9p to 10.7p and the interim dividend is maintained at 2p.

Allied London

Allied London Properties has acquired a 190,000 sq ft industrial estate on 10 1/2 acres at Dunghill Hall, Milton Keynes, Bucks, for \$7.3m. Tenants include Rothmans International and subsidiaries of GEC and Unigate. The rent roll is forecast to be \$620,000.

GRANVILLE SPONSORED SECURITIES							
High	Low	Company	Price	Change	Gross Div (p)	Yield	% P/E
235	285	Am. Brt. Ind. Ordinary	235	0	8.7	3.7	6.8
235	185	Am. Brt. Ind. Conv.	235	0	10.0	4.3	-
40	25	Amalgamated	36	0	3.2	1.1	9.2
57	37	BBS Design group (USM)	37	0	2.1	5.5	5.9
171	255	Baxton Group	171	0	3.3	1.9	24.1
115	100	Baxton Group Conv. Pref.	115	0	4.7	5.8	-
148	128	Brp Technology	128	0	1.2	1.1	9.2
114	100	Brenhill Conv. Pref.	111	0	11.0	9.9	-
267	246	CCI Group Ordinary	265	-1	12.3	4.3	13.1
145	124	CCI Group 11% Conv. Pref.	145	0	14.7	8.9	-
151	129	Carbo Pte (GD)	151	0	4.1	4.0	4.3
113	100	Carbo 7.5% Pref (GD)	112	0	10.3	9.2	-
304	347	George Blair	324	-2	12.0	3.7	7.2
112	40	Idis Group	112	0	1.2	1.4	24.7
118	87	Jackson Group (GD)	112	0	3.4	3.0	12.4
350	245	Methuon NV (AmstSE)	300	0	-	-	-
115	40	Robert Jenkin	112nd	0	7.5	6.5	4.3
490	124	Serston	512nd	0	8.0	2.0	37.2
100	100	Torrey & Carville	100	0	10.7	10.7	-
56	56	Trehan Holdings (USM)	80	0	2.7	3.4	8.6
113	100	Unigate Group Conv Pref	108	0	8.0	7.4	-
306	203	W.S. Yates	306	-2	14.2	5.3	16.8

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of TSA.

These Securities are dealt in strictly on a matched bargain basis. Neither Granville & Co nor Granville Davies Ltd are market makers in these securities.

Granville & Co. Ltd. 8 Lovat Lane, London ECR 8SP Telephone 01-621 1212 Member of TSA.

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Lloyds Investment Managers provides management of the companies' liquidity and pension scheme arrangements.

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Lloyds Corporate Finance prepares the companies for flotation and helps them grow by acquisition.

Lloyds Development Capital arranges and finances management buy-outs and provides equity capital for growing companies.



40-66 Queen Victoria Street, London EC4P 4EL. Tel: 01-248 2244
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Tel: (021) 200 1055 (Corporate Finance)
Tel: (021) 200 1787 (Lloyds Development Capital)

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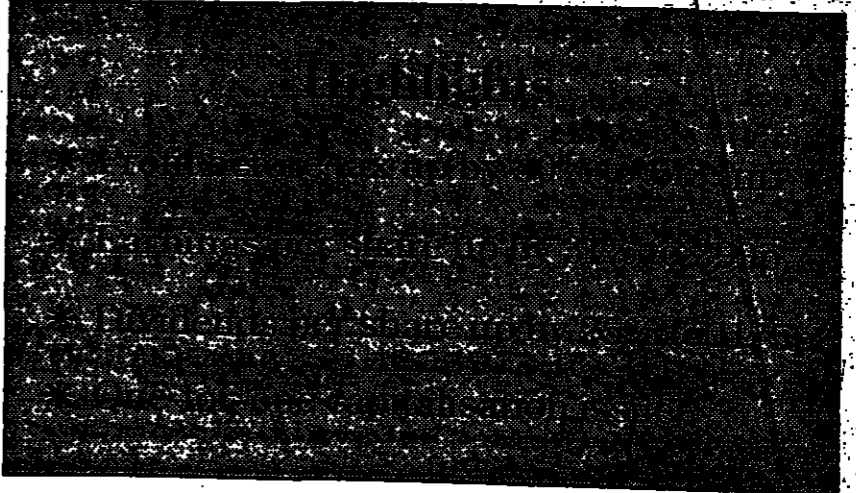
THE CHANCELLOR GROUP LTD.
(Incorporated in Canada)

is pleased to announce that its subsidiary
CHANCELLOR INSURANCE COMPANY LIMITED
(Incorporated in the United Kingdom)
has increased its fully paid up capital to £25,501,000
by the issue of £10,000,000 of preference shares with effect from 6th October, 1988.
This additional capital is to provide support for the company's increasing volume of business.

Adwest

1988
A year of progress

Results for the year to 30th June 1988



The Chairman, Mr Fred Grant, says:
"The above-average increase in dividend, together with the proposed capitalisation issue, underlines the Board's confidence in being able to maintain this improved performance in the coming year"

Copies of the Annual Report, containing the Chairman's Statement in full are available from: The Secretary, Adwest Group plc, Reading RG6 4SN

Automotive components
Defence equipment
Electrical and
Engineering products
Property development.

Adwest

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UK COMPANY NEWS

Land Securities builds up industrial portfolio

By Paul Cheeseright, Property Correspondent

LAND SECURITIES, the largest British property investment group with a portfolio worth more than £4bn, is spending £27m to build up its relatively small industrial portfolio.

Of that figure, £15m is going on two ventures. The first is a 112,000 sq ft development with 12 tenants at Primley, Surrey, from Lynton Property and Reversionary. The second is a joint venture with Commercial Development Projects - an

18.8 acres site at Hinckley, Leicestershire.

Details of other ventures are expected shortly.

Although Land Securities has more than 6m sq ft of industrial property, this accounts for just 1.51 per cent of the value of its total portfolio. Its last annual report, listing industrial properties valued at more than £2.5m, showed that the group had made no major moves in this sector since 1961.

Mr Peter Hunt foreshadowed further investment in industrial property in his chairman's statement.

This year, the returns from industrial property have been outpacing those from offices and retail property. In recent years, Land Securities has devoted the greater part of its efforts to increasing the value of its office and retail portfolio and has made a number of major retail warehouse purchases.

Colorgen incurs loss but outlook brighter

COLOGEN, US-based computerised colour matching specialist, incurred a deficit of \$833,000 (\$195,000) before tax in the year to June 30.

In the previous year, the USM-quoted group reported taxable profits of \$101,781. Mr John E O'Brien, chairman, attributed the "disappointing" results to a slowdown in the US coatings industry, Colorgen's primary activity during the year, and results below expectations from the Euro-

pean operations.

Net sales expanded slightly to \$2.73m (\$2.67m). Losses per share worked through at 2 cents (earnings of 1 cent).

However, since June Colorgen has undergone a number of changes in organisation and sales and marketing strategies, which have brought immediate improvements. Mr O'Brien said he expected the first half of the current year to be the group's best ever.

US growth accelerates High-Point to over £2m

HIGH-POINT has continued its growth, lifting turnover 31 per cent and profit 66 per cent in the year ended May 31 1988.

This project promoter and consultant in development and construction suffered higher effective tax because of an increased proportion of profits earned in the US, and associates' loss which did not qualify for full tax relief.

This left earnings 50 per cent higher at 26.27p (17.54p). The dividend is raised from 4.5p to 5.75p, with a final of 3.75p.

Turnover came to \$21.84m (\$24.3m) and profit to \$2.05m (£1.25m). Exchange losses of £230,000 and exceptional losses of £12,000 have been taken into account.

Strong organic growth was experienced, especially in the US.

Acquisitions took group services into earth science consultancy, and pollution monitoring.

LLOYD THOMPSON GROUP plc
WHOLESALE INSURANCE AND REINSURANCE BROKERS

1988 FINANCIAL HIGHLIGHTS

	£'000	%
Brokerage Income	11,758	+28%
Profit before taxation	5,152	+24%
Fully diluted earnings per share	11.1p	+11%
Dividend	5.00p	+15%

Year ended 30th June

The above information is an extract from the 1988 Annual Report

For a copy of the 1988 Annual Report please write to:-
The Secretary, 14 Lovat Lane, London EC3R 8DT

Dauphin advances first half

DAUPHIN, office seating and specialist engineering group which came to the market in June, lifted pre-tax profits from \$1.47m to \$1.9m in the first half of 1988.

Turnover moved up from \$8.02m to \$8.31m. With earnings at 6.07p (4.73p), the interim dividend is raised to 1.3p (1.19p).

The directors said the results reflected continued growth in markets that remained buoyant. They were evaluating a number of acquisition opportunities while still pursuing continued organic growth.

New seating products were being introduced next month. The recently opened London

Showroom in the Jaffington's Business Design Centre was expected to provide significant support to planned expansion in that market.

Costs incurred in relocating and expanding manufacturing facilities at Unit Press were written off in the six months. Benefits were being gained from the improvements.

ISA International up by 87% to £1m midway

ISA International, distributor of branded consumables for information processing equipment, increased pre-tax profits by 87 per cent from \$663,000 to \$1.05m in the first half of 1988.

Turnover for the company, which came to the market in October 1987, rose 40 per cent from \$8.26m to \$11.83m.

On earnings per 5p share

which advanced to 3.36p (2.18p), the directors declared a maiden interim dividend of 0.45p.

The acquisition in September of Computer Supplies had expanded ISA's end-user base and he added that the company would continue to seek further suitable acquisitions to accelerate growth.

COMPANY NEWS IN BRIEF

ALLIED LONDON Properties has acquired Highbury, a Kent housebuilder, for £6.25m cash and the issue of 306,451 ordinary shares.

ARMITAGE BROTHERS has bought Algarde Enterprises, manufacturer of aquatic accessories, for £520,000 cash. In 1987, Algarde made £29,402 pre-tax.

ATLANTIC SECURITIES reported a loss of \$429,263 (\$10,293 profit) before tax for the six months to June 30. Gross income \$40,106 (\$17,405). Interest payable on the loan stock was \$84,695 (nil). Professional and legal fees \$45,604 (nil). Loss per share 2.1p (earnings 1.1p).

BAILLIE GIFFORD Japan Trust Asset value per 25p ordinary share stood at 588.19p (610.74p) at August 31 1988. Divided, the figure amounted to \$1.43p (\$70.79p). Net loss for the year to end-August totalled \$200,779 (\$50,181) after tax of \$45,944 (\$50,312). Loss per share 2.96p (0.1p).

BRITISH & COMMONWEALTH Holdings: As a result of the recent increase in Woodchester Investments share cap-

ital the holdings of B&C and its wholly-owned subsidiary, Comin, which total 66.55m ordinary, now represent 55.83 per cent of that class.

BYE NYLEX is making an offer worth about NZ\$955.2m (\$338m) for Feltrax International. The offer, in cash or a combination of cash and shares, is worth NZ\$3.2 per Feltrax ordinary share. Annual sales of Feltrax are estimated at \$51.2m (\$255m).

MEZZANINE CAPITAL Corporation: Net investment income for year to May 31 1988 was \$2.72m (\$8.05m) or \$0.53 (\$0.75) per share or \$28.19 (\$61.08) per unit. Net asset value per share at year end \$11.4 (\$11.21).

MISS WORLD Group has received acceptances in respect of 490,298 Red Rose Radio ordinary (94.74 per cent) and 11.12m "A" shares (93.69 per cent). The offers are now unconditional.

MOSAIC INVESTMENTS: Annual meeting told that the directors were enthusiastic and confident about the future. The company continued to search for acquisitions.

NORDIC INVESTMENT Trust:

At company's annual meeting shareholders did not pass the resolution releasing the directors from their obligation to convene an EGM by December 1 1988 to consider the passing of a resolution to wind up the company voluntarily. Accordingly, the shareholders will be advised of the date of the EGM in due course.

NORTH BRITISH Canadian Investment Company reported net asset value of 453.3p at August 31, against 568.5p a year earlier. Earnings per share for the six months to the end of August were 4.89p (4.64p) and the interim dividend has been raised to 2.7p (2.5p).

PENTOS offer for A E Mowbray has been accepted in respect of 85,205 (83.9 per cent) of the ordinary shares and 19,535 (97.4 per cent) of employee ordinary shares. The offer has become unconditional.

Acceptances have also been received for 78.3 per cent of the A preference and 75 per cent of the B preference shares.

TURNBULL SCOTT Holdings has added to its security division through a minority stake

in Glasgow-based Security Vision Nameplates, manufacturer of a patented door viewer.

TYNDALL HOLDINGS has acquired the remaining 15 per cent of Newport International Management for a total of 111,000 ordinary shares and \$184,596 in cash.

VITA PACIFIC, 41 per cent associate company of British Vita, reported sales of \$446.6m in the year to June 30, against \$430.0m. Net profit before tax and share of associates was \$45m (\$44m). Earnings 16 cents against 13.3 cents. Vita Pacific is quoted on the Australian stock exchange.

WARD WHITE has merged the retailing activities of AG Stanley - which comprises FADS, Decor 8 and Homecharm - into one retail division.

WATERGLADE INTERNATIONAL has acquired a long leasehold office investment in London EC4 for \$2m from the Carreras Pension Fund. Waterglade already owns the adjoining property. The total site area of 12,500 sq ft is to be redeveloped into an 88,000 sq ft office development scheme.

SHARE STAKES

Changes in share stakes announced recently included:

Allied Colloids - George Weston Holdings bought 1.2m shares to lift holding to 13.65m (5.887 per cent).

Camford Engineering - Marheath Securities reduced holding to 1.68m shares (8.9 per cent).

Capital and Regional Properties - Scottish Amicable Investment Managers increased holding to 825,000 shares (6.97 per cent).

GI Group - Carousol Investments acquired 4.38m ordinary and holds 14.33m (19.74 per cent).

Futura Holdings - Selective Investments sold entire holding of 97,350 ordinary (12.94 per cent). International and Irish (UK) acquired same.

Hambros Investment Trust - Sun Life Assurance raised holding to 7.094 per cent.

Hartons Group - Norwich Union Insurance Group beneficially owns 3.78m ordinary (5.3 per cent).

Hornby - Guidehouse Group sold 52,000 ordinary at 213p each. Mr D. Michaels is a director of Hornby and a director

and substantial shareholder in Guidehouse.

London American Ventures Trust - Equitable Life Assurance and associate increased holding to 5.58m shares (8.1 per cent).

Macmillan Glenlivet - London Residuary Body holds 653,000 ordinary (8.2 per cent).

Manders Holdings - British Steel Pension Fund interested in 7.57m shares (24.6 per cent).

Microfilm Reprographics - Govett Strategic Investment Trust holds 2.14m shares (9.23 per cent) and Universities Superannuation Scheme owns 2.1m (9 per cent).

Pacific Assets Trust - Esso Pension Trust increased interest to 5.4 per cent.

MBS - Eramon Securities interested in 5.54m shares (5.51 per cent).

Rockware Group - London Life has reduced its holding to 7.81m or 6.89 per cent.

Spring Ram - Interest of Prudential Corporation and managed funds is 5.9m shares (6.56 per cent).

Wilson Connolly - Baillie Gifford owns 14.13m shares (8 per cent of equity).

U.S. \$250,000,000

National Australia Bank
(Incorporated with limited liability in the State of Victoria, Australia)

Undated Subordinated Floating Rate Notes

Notice is hereby given that for the six months interest period from October 11, 1988 to April 11, 1989 the Notes will carry an interest rate of 8.8375% per annum. The interest payable on the relevant interest payment date, April 11, 1989 will be U.S. \$11,169.82 and U.S. \$446.78 respectively for Notes in denominations of U.S. \$250,000 and U.S. \$10,000.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

October 11, 1988

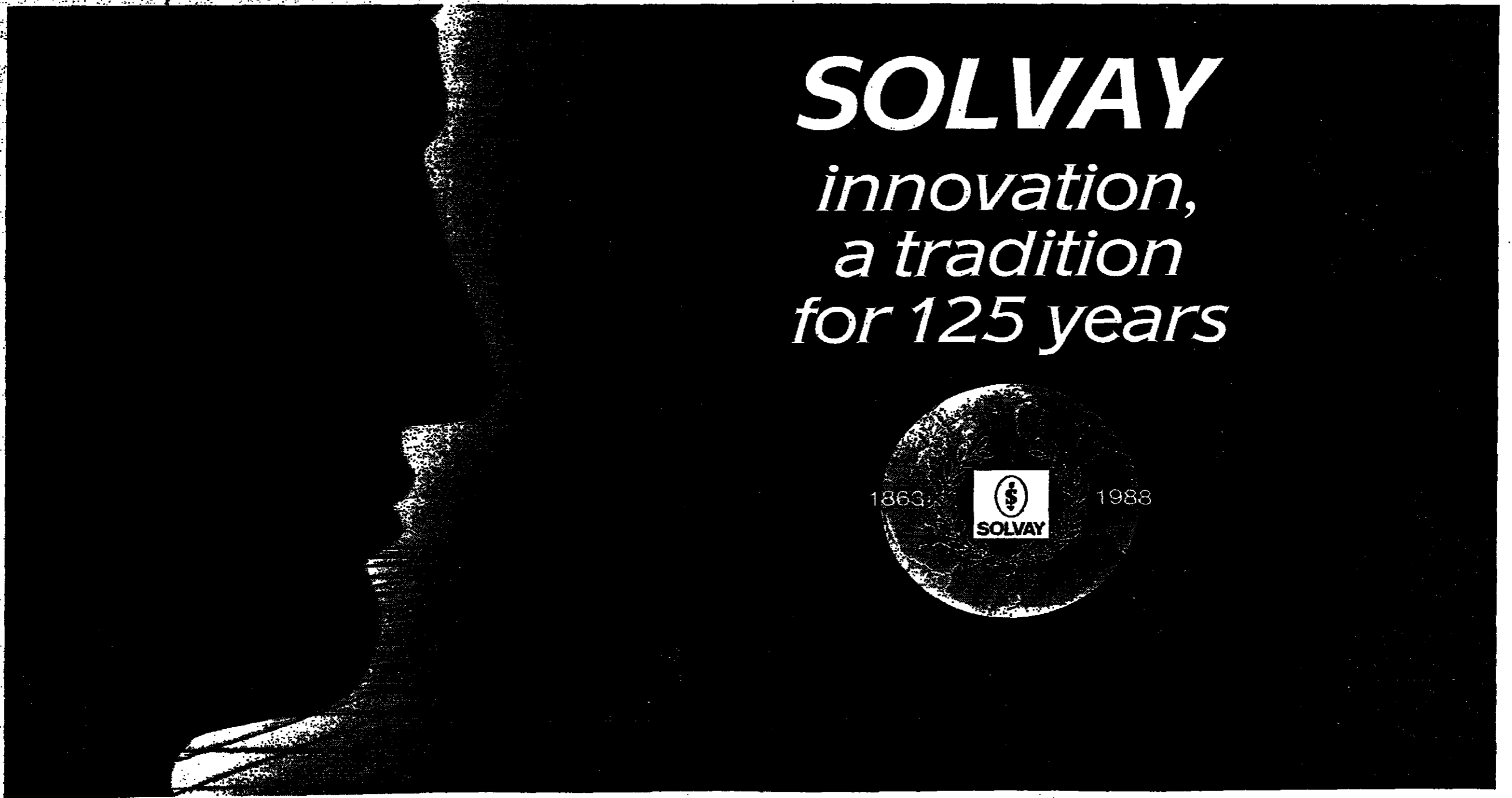
ACCOUNTANCY

The Financial Times proposes to publish this survey on 18th November 1988

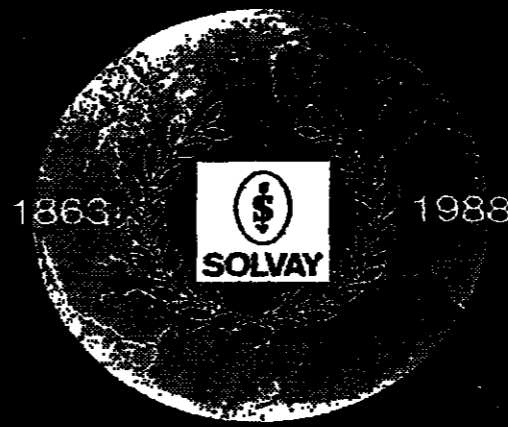
For a full editorial synopsis and advertisement details please contact:
Jacqueline Keogan
on 01-248-8000 ext 3740

or write to her at:
Bracken House
10 Cannon Street,
London
EC4P 4BY

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER



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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Aegis Unit Trust, and others, with columns for name, manager, and performance data.

Table listing unit trusts including Abbey Unit Trust, Aegis Unit Trust, and others, with columns for name, manager, and performance data.

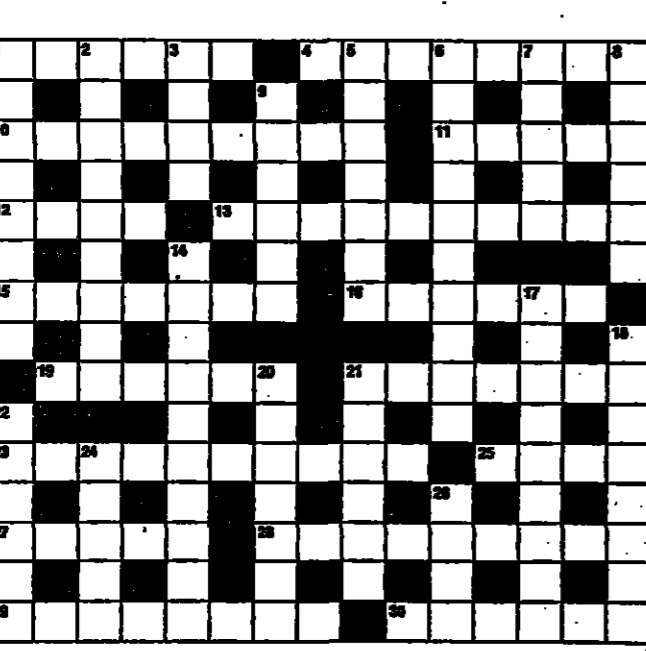
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I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Tel: 01-828 7233/5699. Reuters Code: IGIN, IGIO.

CROSSWORD



- ACROSS
1 One's thrown having to debate endlessly (6)
2 Cover for one who calches? (6,3)
3 Fries - imperative without a book? (4)
4 Mediculous account by man of the cloth (8)
5 Elemental scientist (7)
6 Undated letters surprisingly include a number not dealt with (10)
7 It's quite an affair with row 150 missing (6)
8 Bury last bit of waste thing out (6)
9 It brings good luck to many at the races (6)
10 Run down, e.g. tired an' beaten (9)
11 Within part of West Ham, Conger and Eynon (8)
12 Nobleman almost skipping New York (4)
13 Writing - quite a range based on the Bible (10)
14 Tablino moves round the environment (7)
15 It's observed at court (6)
16 Once a temporary dwelling area (6)
17 So tired? Could be euthened by this (7)
18 Destroyed open vessel, bunk losing top (10)
19 An old convict recalled a celebration (4)
20 Carthy mineral that can be burnt (5)
21 I've Egnby Union trip being arranged invasion (9)
22 Early morning callers (6)
23 Flant that's up a net, twisting (6)
DOWN
1 and 22 To shun part of newspaper is to show irresponsibility (5,3,6)
The solution to last Saturday's prize puzzle will be published with names of winners on Saturday October 22.

Table listing unit trusts including Abbey Unit Trust, Aegis Unit Trust, and others, with columns for name, manager, and performance data.

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GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information Service is being updated to improve the service to readers and to conform with new legislation. These represent the underlying, administrative and other costs which have to be paid by the unit trust. The price at which units may be bought. The price at which units may be sold. The maximum spread between the offer and bid price is determined by a formula laid down by the government. In practice, unit managers quote a much narrower spread. As a result, the bid price is often set well below the minimum permissible price which is called the cancellation price to the public. However, the bid price is not in fact the cancellation price in circumstances in which there is a large excess of orders to buy or sell. The use shown alongside the fund manager's name is the time at which the unit trust's daily selling price is normally set when the price is indicated by the printed alongside the individual unit type name. The symbols are as follows: 9-0001 to 1100 hours; 9-1201 to 1400 hours; 9-1601 to 1700 hours; 9-1701 to midnight. The letter 'E' denotes that prices are set on a historic basis. This means that, when there has been an intervening portfolio realisation, investors can normally buy and sell units today at the price appearing in the newspaper which have been set on the basis of yesterday's net asset value. FORWARD PRICING The letter 'F' denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday. Other explanatory notes are contained in the last column of the FT Unit Trust Information Service.

Handwritten signature or note at the bottom of the crossword puzzle section.

Jeffie Ltd

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information for various companies including Sun Life, Lazard Freres, Standard Life, and others. Columns include company name, address, and financial data.

INSURANCES

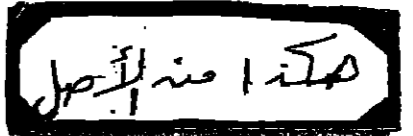
OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Unit Name	Code	Price	% Chg	Yield	Unit Name	Code	Price	% Chg	Yield
Newelish Union Asset Management Ltd	NUA	10.00	-0.10	3.50					
Newelish Union Life Insurance Ltd	NUA	10.00	-0.10	3.50					
Newelish Union Life Insurance Ltd	NUA	10.00	-0.10	3.50					
Newelish Union Life Insurance Ltd	NUA	10.00	-0.10	3.50					
Newelish Union Life Insurance Ltd	NUA	10.00	-0.10	3.50					
Prudential Capital Life Ass. Co Ltd	PCA	10.00	-0.10	3.50					
Prudential Capital Life Ass. Co Ltd	PCA	10.00	-0.10	3.50					
Prudential Capital Life Ass. Co Ltd	PCA	10.00	-0.10	3.50					
Prudential Capital Life Ass. Co Ltd	PCA	10.00	-0.10	3.50					
Prudential Capital Life Ass. Co Ltd	PCA	10.00	-0.10	3.50					
Royal Sun Alliance Life Assurance Ltd - Comb.	RSL	10.00	-0.10	3.50					
Royal Sun Alliance Life Assurance Ltd - Comb.	RSL	10.00	-0.10	3.50					
Royal Sun Alliance Life Assurance Ltd - Comb.	RSL	10.00	-0.10	3.50					
Royal Sun Alliance Life Assurance Ltd - Comb.	RSL	10.00	-0.10	3.50					
Royal Sun Alliance Life Assurance Ltd - Comb.	RSL	10.00	-0.10	3.50					
Shield Assurance Ltd	SAL	10.00	-0.10	3.50					
Shield Assurance Ltd	SAL	10.00	-0.10	3.50					
Shield Assurance Ltd	SAL	10.00	-0.10	3.50					
Shield Assurance Ltd	SAL	10.00	-0.10	3.50					
Shield Assurance Ltd	SAL	10.00	-0.10	3.50					
Scottish Life Assurance Co Ltd (a)	SLL	10.00	-0.10	3.50					
Scottish Life Assurance Co Ltd (a)	SLL	10.00	-0.10	3.50					
Scottish Life Assurance Co Ltd (a)	SLL	10.00	-0.10	3.50					
Scottish Life Assurance Co Ltd (a)	SLL	10.00	-0.10	3.50					
Scottish Life Assurance Co Ltd (a)	SLL	10.00	-0.10	3.50					
Scottish Life Assurance Co Ltd (b)	SLL	10.00	-0.10	3.50					
Scottish Life Assurance Co Ltd (b)	SLL	10.00	-0.10	3.50					
Scottish Life Assurance Co Ltd (b)	SLL	10.00	-0.10	3.50					
Scottish Life Assurance Co Ltd (b)	SLL	10.00	-0.10	3.50					
Scottish Life Assurance Co Ltd (b)	SLL	10.00	-0.10	3.50					
Scottish Widows Assurance Group	SWA	10.00	-0.10	3.50					
Scottish Widows Assurance Group	SWA	10.00	-0.10	3.50					
Scottish Widows Assurance Group	SWA	10.00	-0.10	3.50					
Scottish Widows Assurance Group	SWA	10.00	-0.10	3.50					
Scottish Widows Assurance Group	SWA	10.00	-0.10	3.50					
Standard Life Assurance Company	SLA	10.00	-0.10	3.50					
Standard Life Assurance Company	SLA	10.00	-0.10	3.50					
Standard Life Assurance Company	SLA	10.00	-0.10	3.50					
Standard Life Assurance Company	SLA	10.00	-0.10	3.50					
Standard Life Assurance Company	SLA	10.00	-0.10	3.50					
Templeton Investment Management Ltd	TIM	10.00	-0.10	3.50					
Templeton Investment Management Ltd	TIM	10.00	-0.10	3.50					
Templeton Investment Management Ltd	TIM	10.00	-0.10	3.50					
Templeton Investment Management Ltd	TIM	10.00	-0.10	3.50					
Templeton Investment Management Ltd	TIM	10.00	-0.10	3.50					
UK LISTED	UK	10.00	-0.10	3.50					
UK LISTED	UK	10.00	-0.10	3.50					
UK LISTED	UK	10.00	-0.10	3.50					
UK LISTED	UK	10.00	-0.10	3.50					
UK LISTED	UK	10.00	-0.10	3.50					
OFFSHORE AND OVERSEAS	OO	10.00	-0.10	3.50					
OFFSHORE AND OVERSEAS	OO	10.00	-0.10	3.50					
OFFSHORE AND OVERSEAS	OO	10.00	-0.10	3.50					
OFFSHORE AND OVERSEAS	OO	10.00	-0.10	3.50					
OFFSHORE AND OVERSEAS	OO	10.00	-0.10	3.50					
MANAGEMENT SERVICES	MS	10.00	-0.10	3.50					
MANAGEMENT SERVICES	MS	10.00	-0.10	3.50					
MANAGEMENT SERVICES	MS	10.00	-0.10	3.50					
MANAGEMENT SERVICES	MS	10.00	-0.10	3.50					
MANAGEMENT SERVICES	MS	10.00	-0.10	3.50					
OFFSHORE INSURANCES	OS	10.00	-0.10	3.50					
OFFSHORE INSURANCES	OS	10.00	-0.10	3.50					
OFFSHORE INSURANCES	OS	10.00	-0.10	3.50					
OFFSHORE INSURANCES	OS	10.00	-0.10	3.50					
OFFSHORE INSURANCES	OS	10.00	-0.10	3.50					

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Investment Objective, and other details.

Table of London Share Service, categorized into British Funds, Foreign Bonds & Rails, and Americans. Includes sub-sections like 'Stars' Lives up to Five Years' and 'Five to Fifteen Years'.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds, listing various offshore investment vehicles.

Table of Money Market Trust Funds and Money Market Bank Accounts, listing various financial products and their details.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound firm as dollar falls

STERLING WAS the strongest of the major currencies on the foreign exchanges yesterday. Mr Nigel Lawson, Chancellor of the Exchequer, has the opportunity to influence the market this month, with several interviews and speeches. Speaking on television at the weekend the Chancellor warned interest rates will remain high for as long as necessary to get on top of inflation. He added that rates could be pushed higher if the pound suffers downward pressure. Mr Lawson can elaborate on his view of the economy when addressing the Conservative Party conference in Brighton on Thursday, and in his speech to the Lord Mayor's banquet at the Mansion House on Thursday.

DM3.1775 from DM3.1625; to Y226.50 from Y226.25; to SF2.6975 from SF2.6825; and to FF10.8275 from FF10.7675. The pound's exchange rate index, on Bank of England figures, rose to 76.3 from 75.5. The Government's determination to hold the level of inflation, gave investors renewed confidence, and the December price moved up to 97.05 from 96.21 at the opening and 96.25 on Friday. Short sterling contracts were a little more hesitant. While the dollar had a soft tone, following Friday's announcement of weaker than expected US employment data for September and August. The US currency hovered around a technical support level of DM1.8550, and closed at DM1.8615 on Friday. The dollar also fell to Y132.20 from Y133.25; to SF1.5755 from SF1.5795; and to FF16.3225 from FF16.3400. On Bank of England figures the dollar's index fell to 88.3 from 88.7. In Frankfurt the Bundes-

FINANCIAL FUTURES

Renewed demand for gilts

GILT FUTURES built on Friday's firmer tone, in yesterday's Life market, gaining confidence from a stronger pound. The Government's determination to hold the level of inflation, gave investors renewed confidence, and the December price moved up to 97.05 from 96.21 at the opening and 96.25 on Friday. Short sterling contracts were a little more hesitant. While the dollar had a soft tone, following Friday's announcement of weaker than expected US employment data for September and August. The US currency hovered around a technical support level of DM1.8550, and closed at DM1.8615 on Friday. The dollar also fell to Y132.20 from Y133.25; to SF1.5755 from SF1.5795; and to FF16.3225 from FF16.3400. On Bank of England figures the dollar's index fell to 88.3 from 88.7. In Frankfurt the Bundes-

improving from a start of 98.27, the December price was still down from Friday's close of 98.52, at 98.30. A warning by Mr Nigel Lawson, the Chancellor, that interest rates would be increased - if necessary - in order to control inflation, instilled a note of caution among traders. However, values managed to finish above the day's lows, as a firmer pound helped cash rates to ease back. US Treasury bond futures opened on a firmer note, carrying on the sharp rally seen on Friday. However, buying interest was not sustained, and investors came in to take profits. Nevertheless, the contract was still slightly firmer at the close at 90.04, down from 90.09 at the start, but still up from Friday's finish of 89.30.

However, values managed to finish above the day's lows, as a firmer pound helped cash rates to ease back. US Treasury bond futures opened on a firmer note, carrying on the sharp rally seen on Friday. However, buying interest was not sustained, and investors came in to take profits. Nevertheless, the contract was still slightly firmer at the close at 90.04, down from 90.09 at the start, but still up from Friday's finish of 89.30.

Table with columns: Oct 10, Latest, Previous, Close. Rows include 6-month, 12-month, 18-month, 24-month, 30-month.

STERLING INDEX table with columns: Oct 10, Previous, Close. Rows include 10.00, 11.00, 12.00, 13.00, 14.00, 15.00.

CURRENCY RATES table with columns: Oct 10, Rate, Change. Rows include US Dollar, Swiss Franc, Japanese Yen, etc.

CURRENCY MOVEMENTS table with columns: Oct 10, Bank of England, Morgan's Estimate, Change %.

OTHER CURRENCIES table with columns: Oct 10, £, \$, DM, FF, etc.

EURO-CURRENCY INTEREST RATES table with columns: Oct 10, Short term, 7 days, 1 month, 3 months, 6 months, 1 year.

EXCHANGE CROSS RATES table with columns: Oct 10, £, \$, DM, FF, etc.

FT LONDON INTERBANK FIXING table with columns: 11.00 a.m. Oct 10, 3 months US dollars, 6 months US Dollars.

MONEY RATES table with columns: Treasury Bills and Bonds, Prime rate, 30 days, 90 days, 180 days, 360 days.

LONDON MONEY RATES table with columns: Oct 10, Overnight, 7 days, 1 month, 3 months, 6 months, 1 year.

NEW YORK table with columns: Oct 10, Overnight, 1 month, 3 months, 6 months, 1 year.

CHANGING RATES table with columns: Oct 10, 11%, 12%, 13%, 14%, 15%.

CHANGING RATES table with columns: Oct 10, 11%, 12%, 13%, 14%, 15%.

EMS EUROPEAN CURRENCY UNIT RATES table with columns: Country, Unit, Rate, Change.

POUND SPOT-FORWARD AGAINST THE POUND table with columns: Oct 10, Day's spread, One month, Three months, Six months, One year.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR table with columns: Oct 10, Day's spread, One month, Three months, Six months, One year.

EURO-CURRENCY INTEREST RATES table with columns: Oct 10, Short term, 7 days, 1 month, 3 months, 6 months, 1 year.

EXCHANGE CROSS RATES table with columns: Oct 10, £, \$, DM, FF, etc.

FT LONDON INTERBANK FIXING table with columns: 11.00 a.m. Oct 10, 3 months US dollars, 6 months US Dollars.

MONEY RATES table with columns: Treasury Bills and Bonds, Prime rate, 30 days, 90 days, 180 days, 360 days.

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EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Bid, Ask, Last, Change, etc. Rows include G.O.L.C., G.O.L.C., G.O.L.C., G.O.L.P., G.O.L.P., G.O.L.P.

Table with columns: Series, Bid, Ask, Last, Change, etc. Rows include ABN C, ABN C, ABN C, ABN C, ABN C, ABN C.

Table with columns: Series, Bid, Ask, Last, Change, etc. Rows include ABN C, ABN C, ABN C, ABN C, ABN C, ABN C.

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Advertisement for WestLB, featuring 'Quality PROMOTIONAL GIFTS' and 'Fixed Income and Equities Trading'.

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Slow session as London lacks a lead

THE UK stock market, lacking leadership from either Tokyo or New York, abandoned an initial attempt to move higher yesterday and settled down to close with little change of direction from Friday's closing levels.

Amount Dealings Index table with columns for Oct 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 1988.

On the domestic front, the UK markets are waiting for the announcement on Friday of the latest UK Retail Price Index, as well as for any news on the economy from speeches by Government Ministers at this week's Conservative Party Conference.

prospects for the US August trade figure, to be announced on Thursday.

The market opened firmly despite lacking overnight business from Tokyo where markets were closed yesterday for a national holiday.

International stocks were largely neglected and it was left to a reduced crop of speculative issues to provide the features.

to fire protection group, sent reverberations through the market because Williams has been a predicted bidder elsewhere.

Shares in London & Scottish Marine (LASMO) came under a cloud as the market tried to weigh the chances for the auction of LASMO's 25 per cent stake in Enterprise Oil.

Tomorrow brings another

major testing point for the UK market when the price will be set for the flotation of Rascal Telecommunications, as Rascal floats off its Vodafone interests.

The FT-SE Index, having edged up by seven points by mid-session, then went into a sluggish reverse as Wall Street flirted with its post-October Crash high point in early trading.

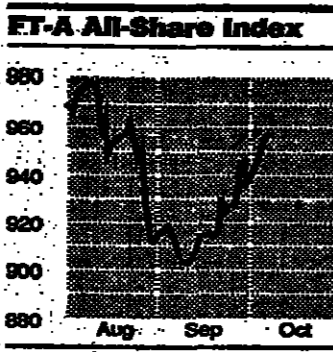
Lonrho traders sensitive

A new twist in the Lonrho serial found marketmakers sensitive and the shares dropped on sustained intramarket trading, before rallying later.

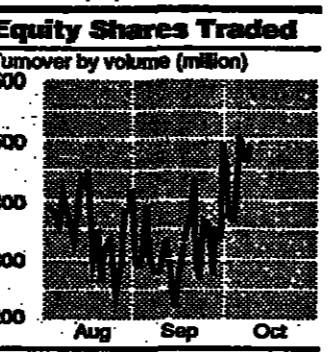
Composite only returned when a regional broker with no previous record of involvement in the month-long affair surprisingly became a determined buyer.

Merger opposed. Careless Capel continued to attract heavy buying interest, particularly from one leading UK securities house, and raced up to close 9 higher at 186p.

Pilgrim's progress. Pilgrim House, the electrical, engineering and fire protection group, saw its shares leap 54 to 264p after the agreed bid from conglomerate Williams Holdings which values the firm at some \$250m.



FT-AI-Share Index



Equity Shares Traded

Hoffman Pollard group and Burgess Products. The terms of the Williams bid are 25 convertible preference shares, for every 10 Pilgrim shares.

Oil shares slipped away despite a much firmer performance by crude prices which were up almost 50 cents a barrel after the Saudi Arabians officially denied they were about to pull out of OPEC.

cat and Atkin. The Kitcat team describe the MMC decision as "so harsh and unreasonable that it is unlikely to be implementable".

There were plenty of stories and rumours in the electronics sector, apart from Pilgrim House. One again Ferranti stole the honours as far as turnover was concerned with some 10m shares changing hands, following the 12m which traded on Friday.

Hoare Govett, and hardened to 108 1/2p with turnover expanding to 7.2m shares.

Brewery stocks reflected the lack of turnover in the wider market, with dealers reporting low volumes. There was a brief flurry of activity in Allied Lyons early on which sent the price 1 1/2 higher to 47 1/2p before it drifted off to close at 47 1/2p in turnover of 2.5m shares.

There was also big buying of Tarmac, up 4 1/2 to 249 1/2p. Costain, talked of as a target for Traxler House, edged up to 32 1/2p.

There were plenty of stories and rumours in the electronics sector, apart from Pilgrim House. One again Ferranti stole the honours as far as turnover was concerned with some 10m shares changing hands, following the 12m which traded on Friday.

Engineering stocks turned in low turnovers and share prices which moved narrowly around pre-weekend levels. With marketmakers still short, some prices were squeezed higher as stock was bought to meet last week's sell deals which must be fulfilled before the trading Account closes this Friday.

Among stores, Underwoods fell 5 to 83p after adverse weekend comment, while Debenhams rose 2 more to 142p.

There were plenty of stories and rumours in the electronics sector, apart from Pilgrim House. One again Ferranti stole the honours as far as turnover was concerned with some 10m shares changing hands, following the 12m which traded on Friday.

FINANCIAL TIMES STOCK INDICES table with columns for Oct 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 1988, and High/Low/Change.

S.E. ACTIVITY table with columns for Oct 7 and Oct 8, listing various indices and their values.

London Report and latest Share Index: Tel. 0858 123001

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks with columns for Stock, Value, Daily, and % Change.

Television issues continued last week's strength following weekend press comment, although dealers said there was little stock around to meet demand.

Advertisement for Metallgesellschaft featuring a globe and text: 'Metallgesellschaft. Strong Links to World Markets. Through its own international network of skilled professionals, joint ventures and partnerships, Metallgesellschaft is also active in fields as diverse as environmental technology and plantbuilding, chemicals and metallurgy.'

NEW HIGHS AND LOWS FOR 1988

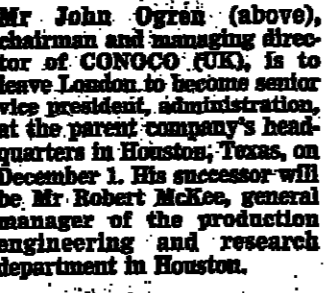
- List of new highs and lows for 1988 including companies like Anglo American, British Petroleum, and others.

APPOINTMENTS

- List of executive appointments for various companies including ELECROCOMPONENTS, UNITED SCIENTIFIC HOLDINGS, and others.

Reorganising the electricity industry

Mr Cecil Parkinson, the Secretary of State for Energy, has filed out the management of the grid and electricity generating companies, which are to be privatised, with designate appointments to the board that include some of the leading figures in British industry.



Mr John Ogren (above), chairman and managing director of CONOCO (UK), is to leave London to become senior vice president, administration, at the parent company's headquarters in Houston, Texas.

Executive directors of "Big G" will be Mr Frank Ledger, CEGB board member for production, Mr Sam Goddard, CEGB corporate director, and Mr Peter Chester, CEGB director for the environment.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American companies such as American Cyanamid, American International, and American Overseas, with columns for stock price, price/earnings ratio, and dividends.

CANADIANS

Table listing Canadian companies such as Alcan, Canadian National, and Canadian Pacific, with columns for stock price, price/earnings ratio, and dividends.

BANKS, HP & LEASING

Table listing financial institutions and leasing companies such as Bank of Montreal, Bank of Toronto, and Finance Trust, with columns for stock price, price/earnings ratio, and dividends.

Hire Purchase, Leasing, etc.

Table listing hire purchase and leasing companies such as Finance Trust, Finance Leasing, and Finance Leasing, with columns for stock price, price/earnings ratio, and dividends.

BEERS, WINES & SPIRITS

Table listing beverage companies such as Carlsberg, Heineken, and T. T. Denner, with columns for stock price, price/earnings ratio, and dividends.

BUILDING, TIMBER, ROADS

Table listing construction and infrastructure companies such as Bovis Lend Lease, Bovis Lend Lease, and Bovis Lend Lease, with columns for stock price, price/earnings ratio, and dividends.

BUILDING, TIMBER, ROADS - Contd

Table listing construction and infrastructure companies such as Bovis Lend Lease, Bovis Lend Lease, and Bovis Lend Lease, with columns for stock price, price/earnings ratio, and dividends.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies such as ICI, ICI, and ICI, with columns for stock price, price/earnings ratio, and dividends.

DRAPERY AND STORES

Table listing retail and drapery companies such as Debenhams, Debenhams, and Debenhams, with columns for stock price, price/earnings ratio, and dividends.

BUILDING, TIMBER, ROADS

Table listing construction and infrastructure companies such as Bovis Lend Lease, Bovis Lend Lease, and Bovis Lend Lease, with columns for stock price, price/earnings ratio, and dividends.

ELECTRICALS

Table listing electrical companies such as British Electric, British Electric, and British Electric, with columns for stock price, price/earnings ratio, and dividends.

ELECTRICALS - Contd

Table listing electrical companies such as British Electric, British Electric, and British Electric, with columns for stock price, price/earnings ratio, and dividends.

ENGINEERING - Contd

Table listing engineering companies such as British Electric, British Electric, and British Electric, with columns for stock price, price/earnings ratio, and dividends.

ENGINEERING

Table listing engineering companies such as British Electric, British Electric, and British Electric, with columns for stock price, price/earnings ratio, and dividends.

INDUSTRIALS (Misc.)

Table listing various industrial companies such as British Electric, British Electric, and British Electric, with columns for stock price, price/earnings ratio, and dividends.

ELECTRICALS

Table listing electrical companies such as British Electric, British Electric, and British Electric, with columns for stock price, price/earnings ratio, and dividends.

ENGINEERING - Contd

Table listing engineering companies such as British Electric, British Electric, and British Electric, with columns for stock price, price/earnings ratio, and dividends.

FOOD, GROCERIES, ETC

Table listing food and grocery companies such as Anglo Siam, Anglo Siam, and Anglo Siam, with columns for stock price, price/earnings ratio, and dividends.

HOTELS AND CATERERS

Table listing hotel and catering companies such as Anglo Siam, Anglo Siam, and Anglo Siam, with columns for stock price, price/earnings ratio, and dividends.

INDUSTRIALS (Misc.)

Table listing various industrial companies such as British Electric, British Electric, and British Electric, with columns for stock price, price/earnings ratio, and dividends.

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INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies such as British Electric, British Electric, and British Electric, with columns for stock price, price/earnings ratio, and dividends.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies such as British Electric, British Electric, and British Electric, with columns for stock price, price/earnings ratio, and dividends.

INSURANCES

Table listing insurance companies such as Anglo Siam, Anglo Siam, and Anglo Siam, with columns for stock price, price/earnings ratio, and dividends.

LEISURE

Table listing leisure companies such as Anglo Siam, Anglo Siam, and Anglo Siam, with columns for stock price, price/earnings ratio, and dividends.

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INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies such as British Electric, British Electric, and British Electric, with columns for stock price, price/earnings ratio, and dividends.

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LONDON SHARE SERVICE

LEISURE - Contd

Table of Leisure stocks including Leisure Group, Leisure Leisure, Leisure Leisure, etc.

PROPERTY

Table of Property stocks including Property Property, Property Property, etc.

TEXTILES - Contd

Table of Textiles stocks including Textiles Textiles, Textiles Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of Trusts, Finance, Land stocks including Trusts Trusts, Finance Finance, etc.

OIL AND GAS - Contd

Table of Oil and Gas stocks including Oil Oil, Gas Gas, etc.

MINES - Contd

Table of Mines stocks including Mines Mines, Mines Mines, etc.

TOBACCO

Table of Tobacco stocks including Tobacco Tobacco, Tobacco Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land stocks including Trusts Trusts, Finance Finance, etc.

OVERSEAS TRADERS

Table of Overseas Traders stocks including Overseas Overseas, Overseas Overseas, etc.

PLANTATIONS

Table of Plantations stocks including Plantations Plantations, Plantations Plantations, etc.

Miscellaneous

Table of Miscellaneous stocks including Miscellaneous Miscellaneous, Miscellaneous Miscellaneous, etc.

THIRD MARKET

Table of Third Market stocks including Third Market Third Market, Third Market Third Market, etc.

MOTORS, AIRCRAFT TRADES

Table of Motors, Aircraft Trades stocks including Motors Motors, Aircraft Aircraft, etc.

Commercial Vehicles

Table of Commercial Vehicles stocks including Commercial Vehicles Commercial Vehicles, Commercial Vehicles Commercial Vehicles, etc.

Comments

Table of Comments stocks including Comments Comments, Comments Comments, etc.

Garages and Distributors

Table of Garages and Distributors stocks including Garages Garages, Distributors Distributors, etc.

NEWSPAPERS, PUBLISHERS

Table of Newspapers, Publishers stocks including Newspapers Newspapers, Publishers Publishers, etc.

PAPER, PRINTING, ADVERTISING

Table of Paper, Printing, Advertising stocks including Paper Paper, Printing Printing, Advertising Advertising, etc.

SHIPPING

Table of Shipping stocks including Shipping Shipping, Shipping Shipping, etc.

SHOES AND LEATHER

Table of Shoes and Leather stocks including Shoes Shoes, Leather Leather, etc.

SOUTH AFRICANS

Table of South Africans stocks including South Africans South Africans, South Africans South Africans, etc.

TEXTILES

Table of Textiles stocks including Textiles Textiles, Textiles Textiles, etc.

Finance, Land, etc

Table of Finance, Land, etc stocks including Finance Finance, Land Land, etc.

Oil and Gas

Table of Oil and Gas stocks including Oil Oil, Gas Gas, etc.

Mines

Table of Mines stocks including Mines Mines, Mines Mines, etc.

Far West Rand

Table of Far West Rand stocks including Far West Rand Far West Rand, Far West Rand Far West Rand, etc.

O.F.S.

Table of O.F.S. stocks including O.F.S. O.F.S., O.F.S. O.F.S., etc.

Diamond and Platinum

Table of Diamond and Platinum stocks including Diamond Diamond, Platinum Platinum, etc.

Central African

Table of Central African stocks including Central African Central African, Central African Central African, etc.

Finance

Table of Finance stocks including Finance Finance, Finance Finance, etc.

Oil and Gas

Table of Oil and Gas stocks including Oil Oil, Gas Gas, etc.

Australians

Table of Australians stocks including Australians Australians, Australians Australians, etc.

Stock Exchange dealing classifications are indicated to the right of security names...

Dividend and interest rates are shown in pence and denominated as 25p. Estimated price/earnings ratios and covers are based on latest reported accounts...

Yield based on accumulation of dividends. Figures based on prospectus or other official estimates. Dividend and interest rates are shown in pence and denominated as 25p...

REGIONAL & IRISH STOCKS

Table of Regional & Irish Stocks including Regional Regional, Irish Irish, etc.

TRADITIONAL OPTIONS

Table of Traditional Options including Traditional Traditional, Options Options, etc.

A selection of 3000 traded in the London Stock Exchange is given on the London Stock Exchange Report Page.

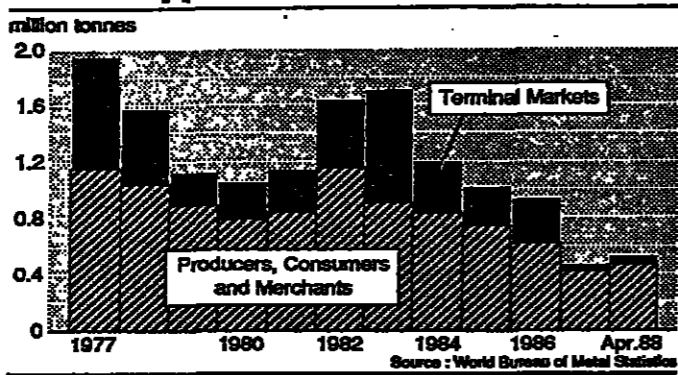
COMMODITIES AND AGRICULTURE

Copper surge continues as stocks fall further

By David Blackwell

COPPER PRICES continued to rise yesterday as stock figures carried on falling. Shearson Lehman Hutton, the London broker, predicted a "strong and volatile copper market for the next few months as inventories are so dangerously low."

World copper stocks



should ensure that supply overhauls demand during the year.

As the review forecasts a decline in non-Communist world stocks of 170,000 tonnes this year, and a surplus of 275,000 tonnes and 515,000 tonnes in 1988 and 1989 respectively.

However, it expects copper production to surge next year while consumption "will not be able to maintain its recent resilience." The two trends

Oil prices rebound sharply

By Steven Butler

OIL PRICES rebounded sharply yesterday as traders reacted to positive statements regarding production output from the major oil producers, who are preparing for a meeting of the strategy committee of the Organisation of Petroleum Exporting Countries next week.

A statement from the Saudi cabinet, chaired by King Fahd, said the Kingdom would cut oil production immediately if other Opec members respected production quotas.

North Sea Brent crude cargoes for November delivery finished the day at \$23.215 a barrel, up 84 cents. Prices also rose on the New York Mercantile Exchange where November futures for West Texas Intermediate crude were up 60 cents at \$13.54 in midday trading.

Despite yesterday's price rise, oil is trading at close to the 26 month lows set last week. Oil prices tend to rise in advance of Opec meetings as traders seek to reduce exposure to any possibility that the cartel might act decisively to lift prices.

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Drought stunts US farm income

By Nick Garnett in Washington

NET INCOME of US farmers is expected to fall this year to about \$55bn from \$77bn last year as a result of the summer drought.

However, the fall does not fully reflect the harm caused by this year's severe dry weather in the main US maize and wheat belts. The selling of large maize stocks held by farmers at relatively high prices earlier this year and the healthy performance of livestock and fruit farming helped to reduce the size of the drop.

Mr Peter Myers, Deputy Secretary of Agriculture, said yesterday that the maize yield

was down 40 per cent overall on last year. Yields in wheat in the northern plains states of Montana, the Dakotas and parts of Minnesota were down as much as 80 per cent, Mr Myers said.

However, there had been an increase in yields of wheat from the so-called soft red areas of Oklahoma and Kansas. As a result the total wheat crop would be down only marginally.

Although net farm income for the country's 2m farmers will be lower this year, their net cash will be the highest ever, Mr Myers said.

That was partly because of lower interest rates and lower costs for chemicals and fertilisers. Total farm debt was also much lower than in the early 1980s - down from \$200bn then to \$140bn now.

The Federal Government estimates that the US will have ten or 11 months' supply of feed grains and wheat after the year's harvest to meet domestic consumption and exports.

Mr Myers said stocks would be a problem next year if there was a second consecutive drought, but the chances of that happening were a million to one, he added.

The set aside for US grain farmers next year will be 10 per cent compared 24.6 per cent this year. The set aside has to be agreed by any individual farmer in order to qualify for government loans.

Mr Myers said the US Government's long-term crop rotation programme of taking out crop land has so far removed 23m acres over the past three years. The target is 45m acres.

Running the October grain race

Autumn sowing poses problems but yields make it well worthwhile

FOR THE last few weeks the arable men on our farm have been starting work at 6 am and carrying on until well past dark. When the weather has been fine their 14-hour days have continued through weekends.

The purpose has been to plant as much as possible of our autumn-sown cereals before too much of the kind of weather we are having this week makes it impossible to continue.

Contrary to popular perception October is the busiest month of the year on arable farms as all available tractors and men try to beat the onset of winter and ensure that key crops for harvesting next year get off to a good and timely start. In comparison, the harvest month of August is almost a doddle.

This frantic autumn rush is, I am bound to say, a comparatively recent phenomenon. When I was a boy we were much more relaxed in our habits, dividing the planting of cereals between autumn and spring in what now seems a relatively relaxed pattern.

Then the farm management analysts arrived on the scene and pointed out that, because of the longer period of growth before harvest, potential yields from autumn-sown cereals were higher than from those sown in spring.

Most farmers knew that already but the financial experts went on to show that in spite of the higher establishment and weed control costs of autumn-sown crops they were likely to leave a larger gross margin.

It was an opportunity farmers could not afford to refuse. They responded by steadily increasing autumn plantings of both wheat and barley leaving as little as possible to plant in the spring. But the change of policy was not without its problems.

Attempting to clear the previous year's crops in August and September then cultivate and re-plant a high proportion of the land over the course of the next few weeks created a labour demand peak in October but left the same staff with little to do for the rest of the year.

One way that peak could be reduced was to burn the straw instead of baling and carting it off the land and lightly cultivating: the now bare topsoil with wide implements, instead of ploughing, which was much slower.

This also had the effect of reducing the friable topsoil on the surface so that making a seed bed was easy. Ploughing, especially on heavy land, tended to turn up clay which if left would dry into lumps and be almost impossible to beat into a tilth.

The system spread across the country very quickly as farmers realised they could tolerate a few weeks of incense activity and long hours in the autumn and enjoy a relatively easy time for much of the rest of the year. What was more there appeared to be no yield penalty for this easy way of farming. Indeed crops were getting bigger.

Then two factors combined to upset the new order. The first was public hostility to widespread straw-burning, the second was a group of big game unimposed grass weeds called bromes, the population of which exploded on land which had not been ploughed for several years. The grasses could not be controlled with known chemicals. The only solution, said the experts, was to return to the plough and bury the weed seeds each year.

Observance of the countryside will doubtless have noticed that over the last couple of years straw burning has become a rarity. Instead many farmers have fitted new straw choppers to their combine

harvesters. These cut the straw into pieces a few inches long during the harvesting process. And whereas long straw is impossible to plough under because it clogs the machine, these short lengths can be buried fairly easily.

So it could be said that two of the problems facing cereal growers have been at least partly solved by a combination of tradition and technology. The difficulty remains, however, of cultivating and planting the maximum acreage in the autumn so as to maximise cash returns. Indeed these latest techniques while accepted as being necessary have slowed progress almost to pre-straw-burning speed.

Last autumn, in fact, many farmers began to wonder if they should, in view of the problems, revert to more spring cereal planting. In the event the appalling wet weather left them little choice - they were simply unable to plant their usual acreage of autumn crops into saturated soil which would not carry a tractor. Ministry of Agriculture statistics indicate that the acreage of spring barley was up 33.5 per cent this year, compared with last, while winter barley was down 11.3 per cent and wheat, the vast majority of which was sown last autumn, was down 5 per cent.

Aware of the change in farmers' feelings the cereal seed trade made plans to satisfy what it foresaw as an increasing demand for varieties suitable for spring sowing next year. Seed certifications during last summer show that the quantity of barley grown for seed was up almost 20 per cent; spring oats were up nearly 30 per cent and the spring wheat tonnage had almost doubled from the previous year.

Unfortunately for the seed trade, however, a high proportion of this year's crops of spring cereals - especially barley - turned out to be a disaster. Yields were lower than they had been for years with many crops producing less than a tonne per acre, instead of a target of two to three times that, and quality was even worse. It was not uncommon for screenings, small grains which pass through a sieve designed to separate the good from the bad, to be as high as 25 per cent of the total.

So the seed trade is now looking for a way to produce a spring barley crop that is both high yielding and of high quality. Many decisions are inevitably influenced by their most recent experience, have changed their minds about growing a bigger acreage next year. The seed trade therefore seems likely to be stuck with considerable quantities of unwanted spring varieties.

But perhaps I should not be too positive in writing out that seed. Like most of other arable farmers we have at least one third of our autumn planting still to do. With more continuous heavy rain such as we had in 1987 some of that would not be completed. Then we would be forced to plant lower yielding spring cereals instead and would inevitably become customers for some of the spring seed.

It is to be hoped that if at all possible that some of our men have been working such long hours.

Ministries called in on aluminium row

By John Murray Brown in Jakarta

INDONESIA YESTERDAY appeared to be looking for a way out of the increasingly bitter trade dispute with Japan over the Asahan aluminium joint venture, now in its fourth month.

Mr Rauf Suhud, chairman of the Asahan Development Authority, the Indonesian body in charge of this \$410m (\$1.6bn) project, announced yesterday that all negotiations from the Indonesian side had been entrusted to Mr Johannes Sumarlin, the Finance Minister.

Indonesia last week instructed its legal advisers to look into the dispute. Meanwhile according to reports from Tokyo, Japan's Ministry of International Trade and Industry has already been approached by the Japanese partners.

Direct talks between the two governments now seem inevitable, therefore, in a bid to end this damaging disagreement.

Yesterday Mr Suhud for the first time publicly defended Indonesia's decision in August to suspend aluminium shipments to Japan from its north Sumatran smelter - a move which MITI officials described as "a breach of normal trade practice."

Mr Suhud explained that Indonesia was seeking an improved share of the output to satisfy domestic demand and take advantage of the record high prices for the metal.

The Japanese partners, a consortium of smelters and trading houses, currently takes 59 per cent of the 245,000 tonnes-a-year production, in line with its equity stake in the project.

Power is the largest cost component in aluminium smelting and the Indonesians feel that their contribution in this area is inadequately reflected under the present arrangements.

Traders also say Indonesia plans to build a casting house at Asahan to produce alloy aluminium for the manufacture of household utensils - another reason to demand an increased share. Asahan currently produces only virgin aluminium.

Mr Suhud yesterday insisted that all of Indonesia's demands were in line with the original master agreement of 1975.

Mr Suhud's first public statement on the dispute was intended to counter what he called "the distorted picture" conveyed from the Japanese side.

However, traders in Jakarta detect a softening in Indonesia's position, wary perhaps of the effect of a protracted dispute on relations with Japan, by far its largest source of foreign aid and direct foreign investment.

Zinc prices soar on LME

By David Blackwell

ZINC PRICES soared yesterday on the London Metal Exchange as stocks in LME warehouses fell to the lowest level for nearly a year.

Cash metal, which ended last week \$95 a tonne ahead, added another \$22.50 by yesterday's close to reach \$1,177.50 a tonne. Three-month metal - \$25.50 up at the end of last week - put on a further \$30 to close at \$1,342.50 a tonne. The premium for cash metal over three-month is now the biggest this year at \$122.50 a tonne, reflecting the tightness of zinc supplies.

Stocks in LME warehouses fell by 6,500 tonnes to 21,100 tonnes. The fall included 4,500 tonnes taken from the LME warehouse in Singapore, news of which led to speculation that China was buying.

Mr Neil Buxton, a metals analyst with Shearson Lehman Hutton, yesterday said that all indicators were showing a decline in producer and consumer stock. Demand for zinc was growing steadily, he said, in particular from the automotive and construction industries, while a lot of output had been lost in Latin America.

COMMODITIES PRICES

LONDON MARKETS

GOLD PRICES rose as the dollar weakened and the oil price strengthened. Dealers said the breach of resistance at \$405 in early trading had sparked some stop-loss buying in fairly active conditions. Good underlying physical demand aided sentiment. The bullion price closed \$4 ahead at \$407 an ounce. Platinum and silver prices were slightly higher. Cocoa prices rose on chart-inspired buying, the three-month price closing above \$200 a tonne for the first time since September 8. Technically the market looks encouraging after a long-term downturn was broken last week, dealers said. But late evidence of producer selling possibility by Ghana, Malaysia and Brazil brought prices down from the day's highs towards the close. On the LME aluminium prices retreated on news of an increase in world stocks.

SPOT MARKETS

Table listing spot market prices for various commodities including oil, gas, and metals.

COCOA & RUBBER

Table showing prices for cocoa and rubber, including various grades and origins.

LONDON METAL EXCHANGE

Table listing London Metal Exchange prices for various metals like aluminium, copper, and zinc.

LONDON BULLION MARKET

Table showing London Bullion Market prices for gold and silver.

US MARKETS

Table listing US market prices for various commodities.

CRUDE OIL

Table showing crude oil prices for different grades and origins.

Chicago

Table listing Chicago market prices for various commodities.

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WORLD STOCK MARKETS

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Table with columns for country (Austria, France, Germany, Italy, Sweden, Switzerland, Norway, Spain, Japan), date (October 10), and stock prices for various companies.

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TORONTO Closing prices October 7. Table listing various Canadian stocks and their closing prices.

CANADA Closing prices October 7. Table listing various Canadian stocks and their closing prices.

NEW YORK DOW JONES. Table showing Dow Jones index values for various dates.

INDICES. Table showing various stock indices and their values.

NEW YORK ACTIVE STOCKS. Table listing active stocks in New York and their prices.

Table with columns for country (Austria, France, Germany, Italy, Sweden, Switzerland, Norway, Spain, Japan), date (October 10), and stock prices for various companies.

Advertisement for Financial Times magazine. Text: 'Have your F.T. hand delivered in Germany'. Includes contact information for Frankfurt and Lisbon.

3pm prices October 10

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	1/4	1/2	3/4	1	1 1/4	1 1/2	1 3/4	2	2 1/4	2 1/2	2 3/4	3	3 1/4	3 1/2	3 3/4	4	4 1/4	4 1/2	4 3/4	5	5 1/4	5 1/2	5 3/4	6	6 1/4	6 1/2	6 3/4	7	7 1/4	7 1/2	7 3/4	8	8 1/4	8 1/2	8 3/4	9	9 1/4	9 1/2	9 3/4	10	10 1/4	10 1/2	10 3/4	11	11 1/4	11 1/2	11 3/4	12							
100	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150



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NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for stock symbols, prices, and changes. Includes a detailed legend for stock symbols and a note about sales figures.

OVER-THE-COUNTER

Needing national market. 3pm prices October 10

Table of Over-the-Counter prices for various stocks, including symbols, prices, and changes. Includes a legend for stock symbols.

AMEX COMPOSITE PRICES

3pm prices October 10

Table of AMEX Composite Prices with columns for stock symbols, prices, and changes.

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AMERICA

Holiday keeps trade thin as equities hold steady

Wall Street

There was little movement in equities yesterday in trading quiet due to the closure of banks and the US government bond market for the unofficial Columbus Day Holiday, writes Janet Bush in New York.

On various key economic reports due for release this week. The first of these is the publication of August US trade figures on Thursday which are expected to show some widening in the deficit from July's \$9.5bn shortfall.

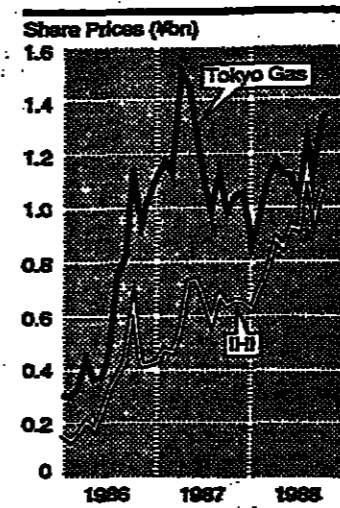
are mixed signals on the economy the US Federal Reserve will hold monetary policy where it is. The biggest news in the stock market was the long awaited announcement of the merger between First Boston and CSFB, announced late on Sunday.

Investors find Tokyo's land a fertile asset

Michiyo Nakamoto examines the influence of the property boom on the stock market

The statistics on Tokyo land prices have become the stuff of legend. For the price of a typical rabbit hutch in this city, you can buy a country estate in England.

loosening their regulations on development to help ease the critical space shortage in the capital, investors have become interested mainly in companies that have property holdings in three areas in the Tokyo metropolitan area.



value will rise. The leading utility's increase has not been as outstanding as that of IHI, but its shares have risen from ¥777 in January, 1986, to a recent ¥1,360.

for redevelopment, and Nippon Express will benefit from that trend. These three themes - Tokyo's waterfront, the Chiba area along Tokyo Bay, and the station front - are likely to continue for some time.

The Japanese stock market was closed yesterday for the Sports Day holiday. In the past few months, the focus has sharpened somewhat. Now that the national and local governments are

past two years, as analysts have combed company balance sheets looking for evidence of property holdings in the Tokyo area. (Under Japanese accounting conventions, assets are never revealed, so the effect of rising property values does not appear in balance sheets.)

IHI has been a star performer in the stock market for the past two years, mainly on the potential of its Tokyo Bay property assets. Its profit performance until a recent partial recovery has been dismal, mainly because of the high cost of rationalising its shipbuilding and other unprofitable businesses.

Another station front theme as well. When the planned office buildings on the waterfront become available for use, there will be a greater need for residential areas nearby. Chiba, and the Urayasu area in particular, fit the bill perfectly, according to Mr Hiroshi Seto, an analyst at the Nikko Research Centre.

Another factor that will probably affect share price movement in the future is the willingness of the land-owning company actually to redevelop its land. For established companies that have long been in a particular field of business, the idea of running office buildings or resort facilities may not be all that appealing.

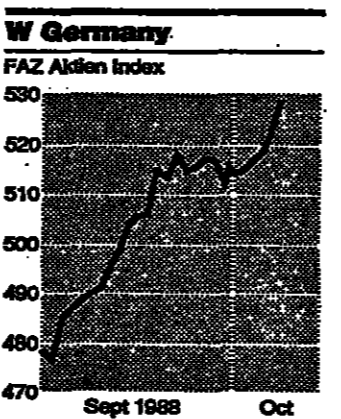
EUROPE

Overseas interest in VW powers Frankfurt to high

THE GAINS in New York and Tokyo on Friday boosted sentiment in most European bourses yesterday but Milan remained nervous before a vital parliamentary vote today, writes Our Markets Staff.

Some 140 international institutional investors will crowd into Deutsche Bank's twin towers in Frankfurt today for its second Autumn Investment Seminar, writes Hazel Simons in Frankfurt.

Christians, the bank's co-speaker (chief executive) until last May, would regularly invite friends from the top echelon of German business to present their companies.



BRUSSELS closed slightly ahead in line with other European markets, although profit-taking kept gains to a minimum. The forward index added 14.54 points to 5,530.85.

ASIA PACIFIC

Hong Kong's gains steal limelight

THE Hong Kong market was the day's feature in the Asia Pacific region, as bargain-hunting and overseas interest sent turnover and share prices sharply higher, writes Our Markets Staff.

were good value by moving in to pick up stock in force. The Hang Seng index gained 87.55 points, or 3.5 per cent, its largest one-day rise since January, to reach 2,566.42.

SINGAPORE also gained some-what inspiration from Wall Street's rally on Friday, but the session was a quiet one, with the Straits Times industrial index up 12.63 to 1,015.90 in 150 shares compared with Friday's 15m.

Bank, property and plantation stocks attracted most interest, but institutions generally stayed on the sidelines.

Table titled 'FT-ACTUARIES WORLD INDICES' showing stock market performance for Friday October 7, 1988, and Thursday October 6, 1988. It includes columns for National and Regional Markets, US Dollar Index, and Dollar Index. The table lists various countries and their respective stock indices and percentage changes.

MORGAN GRENFELL THE FIRST SIX MONTHS. Advertisement for Morgan Grenfell Unit Trusts. It features a large title, a table showing 'Gain in value' and 'Rank in sector' for various investment categories (American Growth, European Growth, International Growth, UK Equity Income), and a call to action: 'CALLFREE 0800 282465'. The ad also includes a testimonial and contact information for Morgan Grenfell Unit Trust Managers Ltd.